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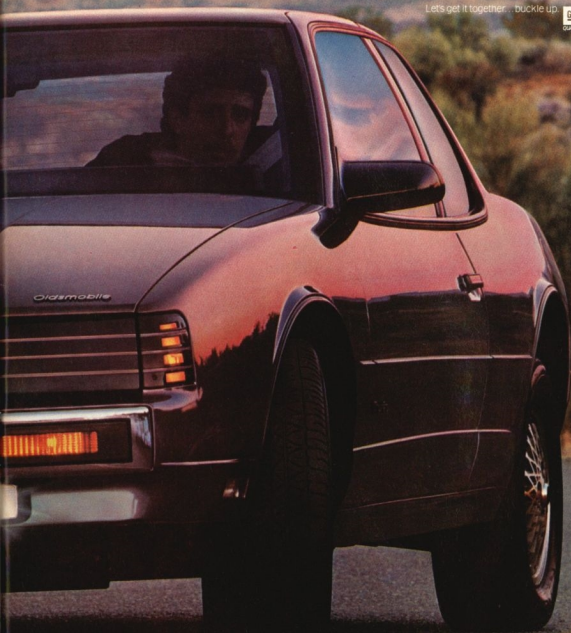
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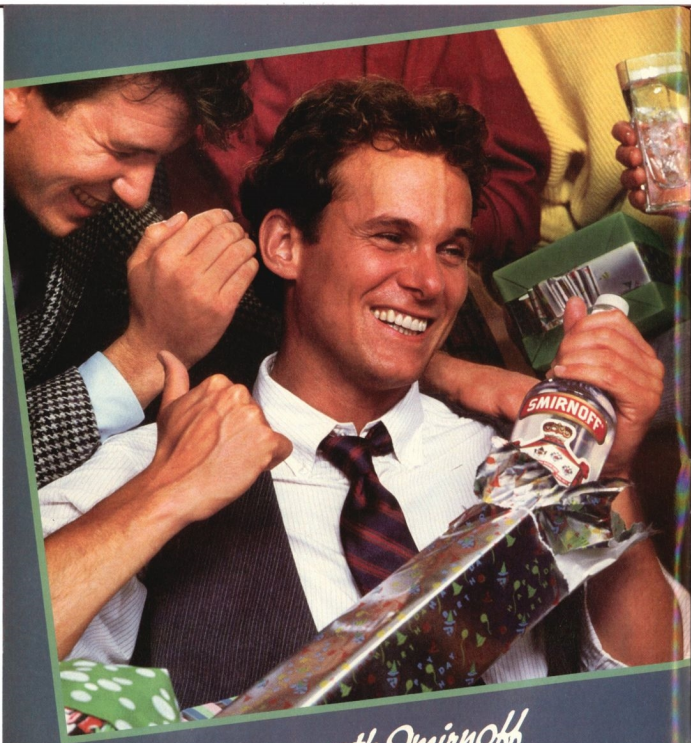
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COVER: As the Marine spy scandal spreads, Soviet bugs infest U.S. facilities 14

More espionage arrests among guards and lax State Department security abroad stir an angry reaction in Washington. ► From Moscow to the Beirut bombing and Ollie North's escapades, the proud tradition of the Leathernecks takes a beating. ► In the spooky world of electronic snooping, where a mike can be as tiny as a pinhead, the KGB may be overtaking the CIA. See NATION.



WORLD: Israel's spirit sags amid scandals and coalition squabbles 34

The breach between the two leading members of the national-unity government grows wider, but Prime Minister Shamir tells TIME, "We are self-confident, and we know we are on the right track." ► Former President Carter calls for an international peace conference on the Middle East. ► Cheering crowds greet Soviet Leader Gorbachev during a visit to Czechoslovakia.



BUSINESS: Embattled Texaco chooses 50 to file for bankruptcy protection

The company loses a Supreme Court decision that could cost it \$10 billion in its epic battle with Pennzoil. As credit starts to dry up, Texaco becomes the largest firm ever to go into Chapter 11. Though its executives and directors fly to Houston for negotiations with Pennzoil, the two sides fail to achieve a settlement. ► In wild trading, the dollar hits new lows against the yen.



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Tough and quick-fisted, bright and quick-witted, Sugar Ray Leonard pulls off one of boxing's greatest upsets. ► Campanis ejected.

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Cover:

Illustration by Burt Silverman

A Letter from the Publisher

The trench coat is the unofficial uniform of two professions: foreign correspondent and intelligence agent. *TIME* National Security Correspondent Bruce van Voorst, who reported on this week's cover stories about the Marine spy scandal and the state of high-tech surveillance, knows intimately the wardrobe of both jobs. In 1955, fresh out of the University of Michigan with a master's degree in Soviet studies, Van Voorst mulled over offers from the State Department and the CIA. The lure of the trench coat won out.

Even though he was hired as a political analyst, Van Voorst, like all other new CIA officers, took a course in basic intelligence gathering. One final exam called for surreptitiously opening a series of sealed envelopes, each inside the one before, and removing a note from the last envelope before resealing the lot. "I successfully extracted my message," says Van Voorst, "but students who used steam were dismayed, because the envelopes had been treated with a purple dye that reacted to the heat."

After several years he left the agency to become a foreign correspondent in Europe and Latin America. On the diplomatic trail from 1973 to 1976, he traveled 380,000 miles with the peripatetic Henry Kissinger. Van Voorst was rudely reminded of his former world of intrigue in 1979, shortly after he joined *TIME*,



Van Voorst at two Jima Memorial, near Washington

when he covered the Ayatollah Khomeini's rise to power. He found himself under surveillance from mysterious cars parked outside *TIME*'s Tehran office, and was visited by agents who ransacked the bureau.

Van Voorst finds covering defense and intelligence little different from other beats, "except that you need lots of quarters to call sources from pay phones." Says Van Voorst: "Intelligence is now a profession like any other. It is taught on university campuses and has its own association of retirees, which holds regular meetings, just like the Rotary Club." He must occasionally ask himself if publication of what he has discovered will harm the national interest.

"I have no desire to expose intelligence secrets merely for a scoop," he says. "But I am enthusiastic about baring things that bureaucrats are hiding to protect their own bungling. I have been digging a long time for details about the construction fiasco of the new embassies in Moscow and Washington." Though Van Voorst's involvement in espionage is decades behind him, he still maintains an extensive library of books on spying. And, of course, he still wears a trench coat.

Robert L. Miller

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Roger Rosenblatt
Senior Writer, *TIME*

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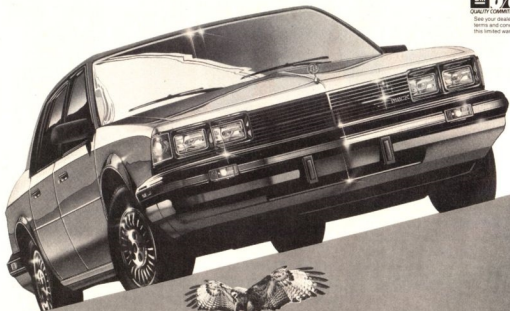
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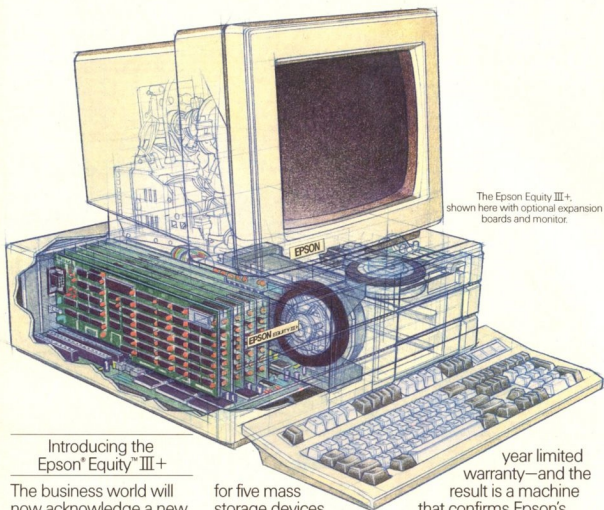
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Letters

Changing Climate

To the Editors:

In your article on America's agenda after Reagan [ESSAY, March 30], you call for the nation to consider new ideas. That is encouraging. No Administration can promise a bed of roses, but I expected something better from the Reagan years than homeless people lying around on grates for a bit of warmth. I hope the pendulum will make a moderate swing away from the Reagan policies.

Val Palmer
Rockford, Ill.



More Robin Hood-type welfare programs will not raise the U.S. standard of living or help us compete in world markets. Only by leaving our citizens free from costly taxation and burdensome laws can we achieve the intellectual and economic growth needed to lead the U.S. to greater prosperity.

Leon Pascucci
Kenosha, Wis.

It is not surprising that Historian Arthur Schlesinger's 30-year cycles have included war and depression. However, since such short cycles allow the misfortunes of one period to be blamed on the preceding epoch, a 100-year cycle would be more significant. The century following Waterloo was one of limited government. It was an age of "private interest" and became the most prosperous and peaceful in modern history. By contrast, the 20th century has seen the return of vast political power. It is an age of economic distortion, and has been the bloodiest century of all time.

Harry Lee Smith
Alpharetta, Ga.

As a history professor, I note that the swing from conservatism to liberalism usually results from economic difficulties, while the swing from liberalism to conservatism generally comes after a war. Though the assertion that "Republicans get us into depression and Democrats get

us into war" is simplistic, the perception has a certain validity. The conservative emphasis on economic enterprise culminates in an unbalanced economy that falls onto hard times, with resulting distress that builds public support for social reform. The liberal faith in activist government in turn finds its most sweeping expression in our desire to see our wars as moral crusades for democratizing the world. Having made war the ultimate reform, we then are disillusioned when the world remains unregenerated, and we retreat to conservatism and our private interests.

Rick Rowe
Huntington Beach, Calif.

President and Press

Ronald Reagan should not have to be briefed and rehearsed for ten days prior to a news conference [NATION, March 30]. If the President had applied the same concentration and attention to detail at his meetings with the Cabinet, his relations with the press and the public would not now be occupying most of his time.

Polly S. Browder
La Jolla, Calif.

It annoys me that TIME in its report of the President's news conference uses offensive phrases such as "not very lofty mission" and "hiding in the White House" and the headline WELL, HE SURVIVED. This whole Iran-contra mess is bad enough without the press's competing for the spotlight by using sensationalistic tactics. The President deserves respect.

Robert G. Hatfield Jr.
Louisville

Like every other President, Reagan has done a few foolish things. High on my list is calling any press conference. A conservative President's voluntarily appearing before reporters is tantamount to a lamb's inviting a pack of jackals into its pen.

Richard A. Manning
Vista, Calif.

Squabbling Preachers

The sad thing about the evangelism scandal [RELIGION, March 30] is that it gives God a bad name. I pray that the TV evangelists do not turn more people away from the Lord because of their greed.

Sally Anne Leger
Salina, Kans.

You erred by placing your story about Jim and Tammy Bakker under Religion. It belongs under Economy & Business or Show Business. The Bakkers have always been entrepreneurs, entertainers and an albatross to legitimate religion.

(The Rev.) Robert H. Thompson
Sherman, Texas

It sounds to me like Jim Bakker is trying to pass the buck to those "wicked... former friends" of his. I do not believe he

was betrayed "into a sexual encounter." Bakker has to face up to what he did and admit that he did it of his own free will.

Karen D. Howells
Louisville

Normally I would not defend evangelical Christianity, since I am not a believer. But unpleasant episodes like Jim Bakker's scandal and Oral Roberts' antics should be irrelevant to how one feels about the religion these preachers represent. A faith or a philosophy should be judged according to the merits of its precepts, not by the behavior of its believers or leaders. Too many people are apt to confuse the message with the messenger.

Eric J. Swan
Binghamton, N.Y.

Never a Partner

In your story "They Honk When the Krohs Fly By" [ECONOMY & BUSINESS, March 16], you say Arthur Levitt, chairman of the American Stock Exchange, is a partner with Kroh Brothers Development Co. Levitt has never been a partner in any of Kroh Brothers' properties.

John A. Kroh Jr.
Kansas City

TIME regrets the error.

In Praise of Pets

As a nurse, I was pleased to see your report on how pets have a positive effect on mental and physical health [HEALTH & FITNESS, March 30]. I make weekly visits to nursing homes, where elderly residents who are often disoriented become more alert and responsive after a few minutes with my dog. The unconditional love given by the animal helps to counteract the isolation and loneliness and makes an otherwise routine day different.

Brenda H. Stone
Baltimore

I am 85 years old and have lived alone for years. When I have awakened and been terribly depressed, I have immediately felt better if my cat crawled onto my lap. During these moments, Tiger and I are proof that pets alleviate loneliness.

Bess Gornick
New York City

Statesman Smuts

In your item on Archbishop Desmond Tutu [PEOPLE, March 23], you dismiss the late South African Prime Minister Jan Smuts as a "white supremacist." Field Marshal Smuts lived and ruled in a world very different from the one we know today. As a Boer general, he vigorously fought the British Empire to achieve recognition for his Afrikaner people. Yet after the war Smuts became one of the chief architects in restructuring a united South Africa and healing the rift between Boer and Brit. He played a major role in the



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Letters

formation of the League of Nations and was a leader of South Africa's Allied efforts in World War II.

Smuts was a man of deep philosophical insights and had a clear vision of the evolution of black power and political change in South Africa. He was defeated in 1948 by the Nationalists and their disastrous apartheid policy, which was a complete antithesis to his philosophy.

Ian J. Corrans
Kalgoorlie, Australia

Defending a Piper

In the story on the Irish (or Uilleann) pipes [AMERICAN SCENE, March 16], Tom Standeven was described as misanthropic, a term that is unfair and unwarranted. While it is true that Standeven's social code has sometimes brought him into conflict with people like Tim Britton, the musician featured in your report, it is equally true that Standeven has been kind and encouraging to many others. He has taught pipers without charge and has given to them unstintingly of his time and resources.

Bill Ochs
New York City

Home Porn

In its fervor to remove censorship and present pornography from a female point of view [SEXES, March 30], the public, which supports pornography, fails to realize what an insidious threat the porn industry is. A large number of those who rent porn video become addicted to this material. It is little recognized, but sexual addiction has the same potential for disaster as addiction to drugs, alcohol or cigarettes.

Peter VerLee, M.D.
Iowa City

What is this "porn in the feminist style"? A distant cousin of rape in the female fashion? I work with young people and know the danger of pornography far less graphic than the X-rated stuff. I have seen teenagers' lives eaten up by the lies they started to believe after watching movies and television shows that some people think are tame.

(The Rev.) Trevor H.G. Smith
Stillman Valley, Ill.

It is a strange thing to see pornography touted as respectable for couples to watch in their bedroom. Those who indulge in this activity have a warped concept of sex when they have to turn to anonymous actors on a screen for arousal rather than the lover in bed beside them.

Susan Brinkmann
Hoffman Estates, Ill.

LETTERS TO THE EDITOR should be addressed to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020, and should include the writer's full name, address and home telephone. Letters may be edited for purposes of clarity or space.

American Scene

In Iowa: Rolling Toward Peoria



Between curtain call and curtain up, Imogene Coca watches the U.S. go by

Across the aisle of the bus, two cast members struggle to recall whether they had their last schnapps party in West Lafayette or East Lansing. It was definitely butterscotch schnapps. —Could it have been South Bend? A night in Omaha (or was it Iowa City?) remains memorable for klieg lights and a good soda machine. The bus driver, meanwhile, wonders whether it was in Madison or Des Moines that he last had his vehicle washed.

The past is a glittering blur. Let us attend to the questions of the moment: Where are we right now, and how far do we have to go to the next stop? The answer is that we are on page 3 of the itinerary, and today we will be traveling about this far (here the bus driver spreads his thumb and forefinger) on the map.

We are on the bus, and that's what matters. Indeed, we are on a bus-and-truck tour, a theatrical institution of small renown wherein cast, crew, orchestra, props and scenery pile into buses and trucks to barnstorm the country. This particular company is spending five months on the road doing mostly one-night stands. They wake up in time to make the bus, travel much of the day to a new theater, play their parts, then adjourn to a hotel till bus call the next morning. Thus pass strings of small cities: Harlingen, McAllen, Corpus Christi; Pueblo, Albuquerque, El Paso. Four months into the tour, everyone is tired, everyone feels cut adrift, almost everyone suffers from a cough known as the "bus crud." The play, coincidentally, is a musical confection, *On the Twentieth Century*, about the giddy, romantic life of theatrical types traveling cross-country.

Judy Kaye, one of the stars, has met her fiancé in the cast, and their lives are so

giddy and romantic that the two of them have formed a prenuptial death pact: if either even considers doing a bus-and-truck again, then...

Her co-stars, Imogene Coca and Frank Gorshin, are more sanguine about life on the road. Gorshin, who is tired of doing Kirk Douglas impressions, wants to show that he's serious about theater, and it's hard to get more serious than a bus-and-truck. Coca, who has been performing for nearly 70 years, simply loves the stage. For her, the bus-and-truck is a succession of opening nights. The most fun she ever had in theater, she says, was one night in Davenport, Iowa, where we have just arrived, when she was on an earlier tour. The bus made it to the Adler theater, but the truck didn't. The cast had to improvise with furniture from the Blackhawk hotel down the street; for the sound of a telephone ringing, they used a cowbell.

There is a theater crowd in places like Davenport, which is why bus-and-truck tours exist. The doyenne here is Mary Nighswander, a little old lady who wears her white hair in a bun and speaks telegraphese ("Knit it myself," she asserts of her sequined cardigan). Nighswander runs the Broadway Theatre League, which has been bringing bus-and-trucks to town for 27 years. She has a \$25,000 check in her pocket for tonight's show. If she doesn't hand it over by intermission, she says, "the cast sits on the curtain for the second act."

If audiences are paying their \$20 or \$30 a seat for glamour and a taste of the theater life, the theatrical types say they signed on with the bus-and-truck mainly for the money. The members of the company all collect a per diem expense, and



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the idea is to live on the per diem and stash the paycheck for when they get back to New York. "You need a nest egg in this business," says Bruce Daniels, a lead, "so you can survive while you're out trying to get..."—his voice deepens and Tivoli lights blink on in his eyes—"that starring role." Meanwhile, they double up at hotels to save money. Back in Utica (it was definitely Utica), several musicians missed the bus and had to pay their own fare to Indianapolis; they lived four to a room for the next month. Not only is the pay good but there is no time to spend it. On a schedule of up to eight shows a week, with hundreds of miles between venues, "you usually have time to take a shower or eat, not both." Apart from the show, the big event most days is the one-hour lunch stop. The cast favors shopping malls and K marts for the chance to spread out and avoid familiar faces. Once or twice a month there are "golden days," when the company neither travels nor performs. "Golden days," says Kaye, "are when you do your laundry."

But the cast's schedule constitutes idle luxury compared with life on the crew bus. At 7 on a Thursday morning, 31 hours out of Davenport's Adler theater and six hours out of the Coronado in Rockford, Ill., the crew bus sits at curbside in Peoria, a black bomb emitting oily blue smoke. The bus shudders intermittently as crew members wake and drop down out of their bunks. It shudders three times for Joe Burns, prop master: when he sits up and bangs his forehead on the bottom of the overhead bunk, when he flops back again on his pillow and, finally, when he throws aside the packing blanket and rolls out of bed.

"Good morning," says Roger Franklin, a stage manager.

"Who says?" says Burns.

But Franklin, who did his first bus-and-truck in 1954, is dauntlessly cheerful. "An exciting day before us," he declares, putting on an artsy accent. "Bringing the-ah-ter to the masses." Franklin nips at a bottle of Maalox and goes off to work singing "It's a beautiful day in Peoria" to the tune of Mr. Rogers' theme song. Burns starts his day with Mountain Dew, because he has checked the label and found caffeine prominent among the ingredients.

The crew seldom sees the inside of a hotel. They generally hit the road around 1 a.m., when the lights and scenery are packed up after the night's show, then start unpacking it again with a local crew at a new theater at 8 the same morning. They have a delicate and demanding job. The scenery and equipment fill two 48-ft. truck trailers, and some theaters aren't big enough to accommodate the whole show. Some theaters aren't fit to accommodate any show. Burns is still muttering about one theater where the local crew chief, a plumber, counterbalanced 800-lb. light pipes and pieces of overhead scenery not with the customary lead weights or even sandbags but with old toilets and radiators.

Peoria, which has a roomy new theater, goes smoothly. No one in the local crew shows up under the influence of cherry Robitussin, as happened at an earlier stop. No one threatens a sit-down strike, as happened when Burns lit up a cigar in the truck trailer in Madison.

A Chicago skyscraper rises on stage right, with the Chrysler Building on stage left. The main set, a luxury sleeping car on the Chicago-New York run, circa 1930, comes together in between.

As half-hour approaches, the members of the cast arrive and start to shake off the bus blahs. It is only another show. It is only Peoria. An actor, pretending to be blasé, puts on a whiny voice and sings, "It's time to be theatrical again/ It's time to pull out all the stops again." Still, there is an audience out there, and the cast can never get enough laughter and applause.



Frank Gorshin checks his makeup

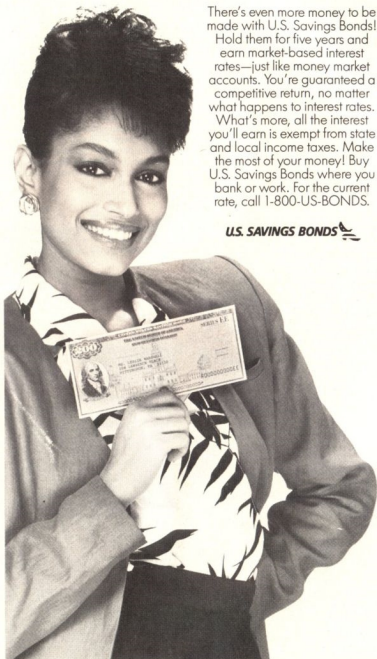
As she rushes offstage in the first act, Kaye remarks, "It's a very user-unfriendly house." Gorshin, who is perennially down, declares, "It's just one of those nights when nothing goes right. So I guess I'll go home and blow my brains out." The audience, of course, thinks everything is going fine, and at the curtain it rewards the cast with warm approval.

The actors bask momentarily in the applause. And then, almost before they have left the stage, the crew swarms over the set. A starry sky gets folded up and tucked into a basket. The sleeping-car set begins to tremble under the ratchetting of half a dozen socket wrenches and quickly comes apart in 40 pieces. Someone shouts, "Hit it!" And a dozen men bully a light rack onto a truck, wheels humming and clattering up the aluminum ramp.

At 12:45, a little more than two hours from the curtain, Burns slams shut the back door of a truck and drives home the lock in a single move. "We gone," he shouts. It is time to get back on the bus. Bloomington, Ind., lies just a few hours ahead.

—By Richard Conniff

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COVER STORIES

Crawling with Bugs

The embassy spy scandal widens, affecting Marines and diplomats



Where would it end? The Marine spy scandal that had started with a lonely U.S. embassy guard confessing he had succumbed to the charms of a beautiful Soviet receptionist in Moscow had escalated into what appeared to be one of the most serious sex-for-secrets exchanges in U.S. history. Not only had the Marine's partner been charged with helping him let Soviet agents prow the embassy's most sensitive areas but last week a third Marine sentinel was accused of similar offenses. A fourth Marine, stationed at the Brasilia embassy, was taken to Quantico, Va., for grilling about espionage. Several others were recalled from Vienna. More accusations of spying were expected to be filed this week in the still unfolding saga.

The latest jailing, of Sergeant John Weirick, 26, spread the contamination to the U.S. consulate in Leningrad, where Weirick, too, allegedly permitted KGB agents to enter at the urging of a Soviet woman. That prompted the State Department to cut off all electronic communications with the consulate and order the recall of the six-man Marine contingent in Leningrad, as it had earlier recalled the 28-man detail at the Moscow embassy. Ominously, Weirick's alleged collaboration with the KGB occurred in 1982, four years earlier than the Moscow treachery, indicating a long-standing security breach.

Weirick, who was arrested at the Marine Corps Air Station in Tustin, Calif., later served at the U.S. embassy in Rome, where other members of the Marine guard must now be questioned. As more than 70 gumshoes from the Naval Investigative Service set about the numbing task of locating, grilling and polygraphing every one of the more than 200 Marines who have served at the Moscow and East European embassies in the past decade, they discovered that all but a few of the first 50 they quizzed flunked questions about fraternizing with local women.

The proud U.S. Marine Corps, whose often heroic Leathernecks had long boasted of being nothing short of the best, was confounded. "We've now got to operate on the thesis that this is possibly an endemic problem in the Marines," said a senior officer at the Corps's Washington headquarters. Declared another officer:

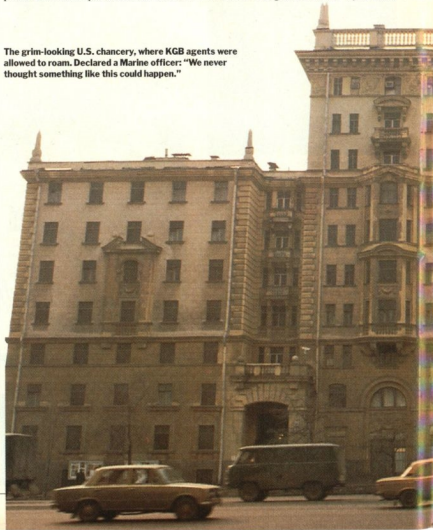
"I'm stupefied, flabbergasted. We just never thought something like this could happen." So battered was the Corps that Marine Major General Carl Mundy resorted to an otherworldly defense when grilled by a House committee. He paraphrased the optimistic—and now ironic—Marine hymn: "If you look on heaven's scenes, you'll find the streets are guarded by United States Marines."

As members of Congress expressed bipartisan outrage, President Reagan ordered Secretary of State George Shultz to protest the Soviet penetration of the U.S.

embassy directly to Foreign Minister Eduard Shevardnadze when the two begin talks this week on a treaty to eliminate intermediate-range missiles in Europe. The President also set in motion half a dozen seemingly redundant investigations into embassy security.

But Reagan and Shultz would not accede to a Senate resolution calling for the Secretary to postpone his Moscow trip until security problems were resolved. Shultz conceded that the espionage throws a "heavy shadow" over U.S.-Soviet relations. But Reagan declared, "I just don't

The grim-looking U.S. chancery, where KGB agents were allowed to roam. Declared a Marine officer: "We never thought something like this could happen."



think it's good for us to be run out of town." The Administration's priority, he told the Los Angeles World Affairs Council, is the "pursuit of verifiable and stabilizing arms reduction." The President even repeated his invitation to Soviet Leader Mikhail Gorbachev to come to the U.S. for a summit: "The welcome mat is still out."

Nevertheless Shultz, who last week accepted ultimate chain-of-command responsibility for the embassy problems, was in the difficult position of flying into Moscow accompanied by a special communications van to help replace the compromised facilities at the U.S. embassy. Even the "Winnebago," as it became known, may not protect him. When checking the supposedly secure trailer in Washington for emissions at frequencies believed used by the sophisticated Soviet bugs planted in the U.S. embassy, technicians found, according to one, that the Winnebago "radiated like a microwave." Similar vans have long accompanied U.S. Presidents abroad, raising the possibility that their communications back to Washington may have been overheard.

The pervasive spy scandal was an embarrassment for an Administration that has proclaimed its security consciousness

and advocated wider use of lie-detector tests among federal employees to protect secrets at home. Administration officials, and the State Department in particular, displayed a curiously casual attitude toward the vulnerability of its embassies to Communist snooping.

Washington was aware of the problem: White House sources say the issue has been raised repeatedly in recent years. Before the Geneva summit in November 1985, the senior White House staff received a National Security Council briefing on the Soviet Union's techniques for electronic surveillance and, for what is a prudish culture, its blatant use of sexual entrapment. The President's Foreign Intelligence Advisory Board has issued at least three reports on the subject and personally briefed Reagan last spring on the vulnerability of the Moscow embassy. But all these initiatives died, White House aides contend, amid bureaucratic sluggishness and even outright resistance on

the part of the State Department.

Indeed, the high-tech proliferation of miniaturized, and in some cases virtually undetectable, eavesdropping devices seems to have promoted a defeatist we'll-have-to-live-with-bugs attitude. "Our security people have always looked upon our buildings as loaded with bugs," explained a former foreign service officer, who dismissed sexual entrapment as just another professional hazard. Such complacency may have contributed to what a high State Department official described as this "first-class mess."

It will take months to assess the precise damage inflicted by the spying, but a senior White House official has already declared, "These cases taken together are likely as significant as the worst hits of the past." They were at least as serious, he claimed, as the Navy's Walker-family spying, the sale of secrets by the National Security Agency's Ronald Pelton and the defection of former CIA Employee Ed-





Soviet show and tell: reporters get to see a purported U.S. bug in Mount Alto complex

"The desire to know Soviet citizens is understandable—but not in the bedroom."

ward Howard. The damage could extend far beyond matters related to the Soviets. The Moscow embassy is on the distribution list for a wide range of foreign policy material, including details of U.S. negotiating positions in the Geneva arms talks, background on Nicaragua policy, Middle East affairs and relations between the U.S. and its allies. The CIA has its own communications facilities in Moscow, and the agency is assuming that these too were compromised.

As the scandal spread, U.S. diplomats were rendered almost mute in their enclaves in Eastern Europe, reduced to writing sensitive messages in longhand. Even in non-Communist countries, the uncertainty of who might be listening turned U.S. envoys into near paranoids. On a trip in Southern Africa, Assistant Secretary of State Chester Crocker refused to send any reports to Washington until he could do so personally. "It's incredible the impact of this on all of us," said a State Department official. In an age of wondrous globe-spanning communications, the superpower that pioneered the technology found its creations turned against it.

The treasonous acts attributed to the Marine guards were bad enough. But most of Washington was also belatedly aroused by the long-known and festering problem of the new U.S. embassy compound in Moscow, which was nearing completion when work was halted in 1985. Built from prefabricated sections produced off the site—and out of sight of any U.S. inspectors—the chancery, not surprisingly, was found riddled with embedded snooping gear. Charged Texas Republican Congressman Dick Armey: "It's nothing but an eight-story microphone plugged into the Politburo."

Reagan vowed last week that the Soviets will not be permitted to occupy their new

embassy on Mount Alto in Washington until security can be assured for the U.S. in its new Moscow quarters. He conceded that the red-brick U.S. chancery, whose walls are already water-stained because of its unfinished roof, may be so bug-ridden that it will have to be demolished. The entire complex, which includes 114 occupied residential units and recreational facilities, had been budgeted at \$89 million. The cost when it is finished, apart from the electronic cleansing, is now projected at \$192 million.

Former Secretary of Defense James Schlesinger is due to report in June on what should be done with the porous white elephant. Reagan has appointed a commission headed by Melvin Laird, another former Defense Secretary, to suggest ways out of both the new embassy dilemma and the penetration of the current chancery. The high-powered panel will include former CIA Director Richard Helms and former Joint Chiefs Chairman General John Vessey. Four other groups, including the Foreign Intelligence Board, are investigating aspects of the scandal. Former CIA Official Bobby Inman last week offered a novel solution for the bugged building: Americans

should "very carefully" construct three secure floors on top of it.

On Capitol Hill, Republican Senators Robert Dole and William Roth introduced a tough package of anti-espionage measures that would require the President to negotiate a new site for the U.S. embassy in Moscow by Oct. 31. If the Soviets did not provide such a site, including security guarantees, they would be required to vacate their entire new Mount Alto compound in Washington.

As Republicans took the lead in berating the Administration for the security fiasco, Indiana's Senator Richard Lugar released a report compiled by the Senate Foreign Relations Committee last year while he was chairman. It charged the State Department with "poor management and coordination" in protecting embassies against Soviet penetration. Lugar called on the White House to suspend the construction of new embassies in Bulgaria, Czechoslovakia, East Germany, Hungary and China until the embassy security investigations are completed.

Congressional anger was dramatized by a showboating but nonetheless revealing jaunt to Moscow by Democratic Congressman Dan Mica of Florida, chairman of the House Subcommittee on International Operations, and its ranking Republican, Maine's Olympia Snowe. Accompanied by a TV crew and four aides, they barged into the old embassy around midnight and approached the Marine guard in his glass cubicle. "May I see some ID, please?" the sentry asked politely. He examined passports, logged names, made a phone call, then issued visitors' ID cards. "Is this the place where Lonetree worked?" Snowe asked an embassy official. She referred to Sergeant Clayton Lonetree, the first Marine to be arrested. The official hesitated, then offered a shrewd answer: "Er, in principle, yes."

After a two-hour tour of the building and two days of interviewing, the legislators proclaimed the embassy not only "grossly inadequate for security purposes" but a "firetrap." Back in the U.S., Mica was blunter. "It's an absolute security disaster," he told TIME. Ever since Lonetree was arrested, he said,

embassy personnel have been communicating secret information in writing, often on children's erasable slates. Even then they shield their messages from suspected hidden cameras. Any notes on paper are promptly shredded.

The embassy's security "bubble" and its massive vault have been declared off limits to U.S. officials for classified conversations since these areas were broken into by Soviet agents. Two new secure rooms have been hastily erected for Shultz's use, one of them described by Mica as similar to a "walk-in cooler, 8 ft. by 10 ft., each with a folding table and a



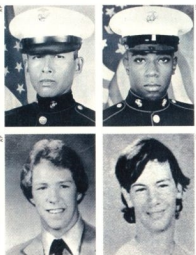
Reagan and the NSC's Frank Carlucci: "What they did is outrageous"

dozen chairs." Surprisingly, blueprints for these new rooms had been posted openly on an embassy wall. Mica estimated the cost of clearing bugs and replacing compromised gear at more than \$25 million.

After talking to a third of the 28 Marine guards, whose replacements have been held up by Soviet delays in issuing new visas, Snowe found them "depressed, humiliated, surprised, angry." Many, she said, realize that there had been a "total breakdown in discipline." Security was lax and "everybody at the embassy knew it," charged Snowe. If true, part of the blame had to fall on Arthur Hartman, the Ambassador who left the post in February.

While admitting some of their own failures, the guards claimed they were being used as scapegoats for the lackadaisical attitude toward security shown by diplomatic personnel. Snowe said the Marines had reported finding 137 violations last year, including open safes and classified papers left exposed. Conceded a Washington source: "One unfortunate result of this mess will be further alienation of the Marines and the State Department types."

Some guards insisted that the embassy civilians were also guilty of fraternizing with Soviets. The rules against fraternization in Soviet bloc nations require all embassy employees, from the Ambassador to the Marine guards, to report any "contact" with a national of the host country in an "uncontrolled" situation. The rule breaking allegedly made it easy for Violetta Seina, a former receptionist at the U.S. Ambassador's residence, to seduce Lonetree into letting the KGB enter the embassy. He claimed to have met her on a Moscow subway, although she attended the annual Marine ball at the embassy. Galina (her last name was not revealed), the cheerful Soviet cook at Marine House, had easy access to Corporal Arnold Bracy, the guard she allegedly befriended. Amid widespread rules violations, so far only Staff Sergeant Robert Stufflebeam, 24, has been charged solely with fraternization.



Facing charges: Lonetree and Bracy, top
Stufflebeam and Weirick

According to Navy investigators, Lonetree's pride in his love affair with Seina led indirectly to his arrest. In this account, he and an unidentified corporal visited Stockholm together last year and went on a drinking binge in the Marine quarters at the U.S. embassy there. The booze loosened Lonetree enough for him not only to describe his passion for Seina but also to reveal hints of a KGB connection. Later, when the two drinking buddies met in Vienna, where Lonetree was posted after Moscow, they enjoyed another blast. This time Lonetree allegedly mentioned Bracy's involvement as well.

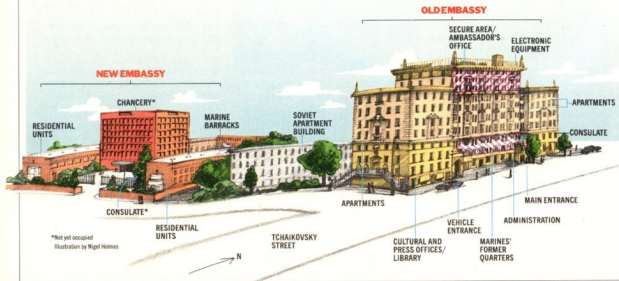
Weirick also was alleged to have been led to the KGB by several women he encountered while stationed at the Leningrad consulate. He left Leningrad in 1982 and was transferred to Rome, where investigators contend that he bragged to a colleague of having earned some \$350,000 from the Soviets.

Family members and associates of the accused embassy guards insist that military investigators have vastly exaggerated the espionage charges. "They are convinced they've got a major Russian spy on their hands," said one kinsman. "What they've got is a horny Marine." In Santa Ana, Calif., Lawyer Michael Sheldon, who had earlier represented Weirick on a drunk-driving charge, said the accused spy "certainly didn't seem to be a man of great means. He paid his fees on the slow-fee plan. Sometimes he missed a payment."

In New York City, Bracy's parents claimed their son had reported improper advances by the Soviet cook Galina. "He turned that woman over to his superiors three times, but nothing happened," said Theodore Bracy. "They're throwing my son to the dogs." Bracy's mother Frieda agreed, claiming, "They're making him a scapegoat."

William Kunstler, the radical New York lawyer who has defended Native American activists, has volunteered to represent Lonetree, whose mother is a Navajo and father a Winnebago. Kunstler claims Bracy was offered immunity in the Navy's attempt to build its case against Lonetree but that Bracy had refused to accept it. Navy investigators concede that their cases have been built largely with lie detectors and must be strengthened. Kunstler goes further: "The case is a consummate hype and fraud," he charged. "They're trying to make Clayton and, I suspect, Bracy too scapegoats for their lax supervision." He said he wants the case taken away from the military and handled in federal courts, where, unlike a court-martial, there is no death penalty for peacetime espionage. "They want to hang Clayton," Kunstler declared. "There's no question about it."

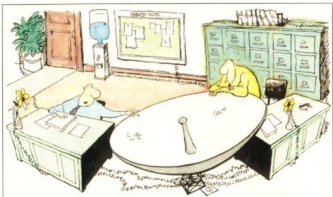
The Soviets denounced the espionage allegations as "unfounded, clearly far-fetched allegations." Displaying their new fondness for press-agency, Soviets in Moscow responded with a press conference at which snooping gadgets, including micro-



Nation

phones, optical devices and transmitters were displayed. All, claimed Soviet Foreign Ministry spokesmen, had been retrieved from Soviet missions in New York, Washington and San Francisco, sometimes even from bedrooms. Quipped Deputy Spokesman Boris Pyadyshev: "The desire to know Soviet citizens better is understandable—but not in the bedroom."

At week's end the Soviet diplomats in Washington trumped their Moscow colleagues by offering an unprecedented tour of the Mount Alto facility to display what they said were American bugging devices. As some 100 reporters and cameramen crowded into an unfinished embassy reception room, Embassy Security Officer Vyacheslav Borovikov clambered up a scaffold and pointed to a small cavity in the marble facing where, he said, a microphone had been planted. Similar



"I don't know, Boswick, maybe Moscow's just getting to me... but have you ever wondered about this ashtray?"

hiding places were exposed in two other rooms; outside, the Soviets produced an embassy car with a locator device hidden in the dashboard.

Not amused by the Soviet show, President Reagan first responded to questions about the U.S. bugging with a curt comment: "If you want to believe them, go

ahead." Headed for a vacation in California, he added, "I cannot and will not comment on United States intelligence activities." Turning angry, Reagan insisted, "What the Soviets did to our embassy in Moscow is outrageous."

Indeed it was. Yet spying is an old and nasty game among rival nations. The key issue in the sad and still developing Marine espionage scandal was not whether the Soviets had broken some unwritten rule of civilized snooping or what American agents had done to them. A more relevant question was just why

American Marines and State Department officials had permitted the Soviets to compromise U.S. security so thoroughly—and so easily. On that point the many investigations were very much in order.

—By Ed Magnuson.

Reported by James O. Jackson/Moscow and Bruce van Voorst/Washington, with other bureaus

Getting "Snookered"

Contrary to popular belief, the site of the new U.S. embassy in Moscow is not a swamp. But that is one of the few favorable comments the State Department can make about the controversial facility. According to a department report written last year, the swamp legend resulted from "some drainage problems during excavation" of the site. Still, the new chancery is 30 ft. lower than the old one, and evidence of eavesdropping devices has been found in its walls and structural columns.

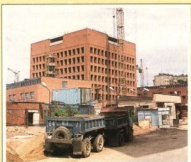
By most accounts, the project has been jinxed from the time the U.S. and the Soviet Union began discussing a joint agreement to construct new embassies 24 years ago. Throughout the decades of haggling over the plan, the U.S. consistently got the short end of the deal. Says Lawrence Eagleburger, an assistant to the Secretary of State under Richard Nixon: "Every Administration since Johnson got snookered on this."

First came the squabbling over reciprocal sites. The Soviets initially balked when the U.S. offered a location on Washington's Mount Alto, complaining it was too far from the center of town. The U.S. had a similar gripe about the Soviets' suggested American embassy site high atop the Lenin Hills. By the end of the decade, however, the Soviets had accepted Mount Alto; the high ground may have been far from the action, but it did offer an ideal location for eavesdropping equipment. Meanwhile, the U.S. agreed to build in that soggy spot near the Moscow River, primarily because it

was close to the old embassy and only a mile from the Kremlin. "It's a classic case of one part of the Government not talking to the other," says former CIA Deputy Director Bobby Inman. "In the intelligence community, we certainly were aware of the terrific advantage of the Mount Alto location. But the State Department wouldn't listen."

Then commenced the extended bargaining over construction. By 1972 a compromise had taken shape. The interior decoration and finishing of each compound would be overseen by the country's own teams, but the major construction would be the responsibility of the host country. The intelligence community balked at allowing the Soviets to build the embassy's walls. But President Nixon, who was pursuing a policy of détente with Moscow, instructed the State Department to cut the deal.

Bickering continued over construction details until a final protocol was signed in 1977. Jimmy Carter's CIA director, Stansfield Turner, wanted the Moscow embassy to be built only by U.S. citizens who would be subject to lie-detector tests upon their return home. Carter approved the idea, says Turner, but the departments of State and Defense blocked the plan. "I gave them money out of the CIA budget for security checks and polygraphs," says he, "and they never properly used it." Turner believes the U.S. has a "cultural problem" with Soviet espionage. "Americans just can't get it through their heads that the Soviets will do anything to spy on us," he contends. "Few people in Washington are prepared to pay the price for security."



New embassies: American, top, and Soviet

HOW GM DEVELOPED A NEW PRODUCTION METHOD

TECHNOLOGY, PEOPLE, AND BETTER-BUILT CARS

In the early 1980s, General Motors set out to bring about an industrial renaissance in America. The most difficult part was to acknowledge that we could no longer build cars in the traditional manner.

We had to go to the heart of America's industrial problem. We had to develop and implement a new method of production. And we had to pay for it.

To gain the competitive edge, and keep it, we had to invest tens of billions of dollars. Merely to match the quality of others would not be enough. We had to leapfrog our competition. It would be hard, and it would be costly.

Old ways had to change.

Adam Smith had written about the division of labor in the 18th century. His thinking drove the industrial revolution of the 19th. Mass production gained new efficiency early in this century when Henry Ford conceived the assembly line. And when Frederick Taylor's time-and-motion studies were added, the assembly line became very efficient—but very rigid.

The great flaw in the assembly line concept is that—frowned to its extreme—it tends to exclude the creative and mana-

gerial skills of the people who work on the line. With the advent of computers, robotics, and other new technologies, the problems of the old method increased enormously. But at the same time, whole new areas of opportunity opened.

We believe that new technology must be integrated with new social systems in a human partnership. A partnership that gives people authority over machines and responsibility for their work. Once people are put in charge of machines, their creativity is unleashed.

That requires new kinds of plants and new kinds of management. It requires people who know about technology and can work with machines and with each other.

As we began to implement the new method, we had to guard against too much automation and too little training. So we redesigned some of our processes and broadened our training efforts. In the process, we became the largest private educational institution in the world.

Finally, the new production method requires skills in systems design and electronics that were not available in the automobile industry. So we acquired EDS and Hughes Aircraft to get those skills. Each plant has to be a single system, every part of which is responsive to other parts, and all plants part of the overall new GM method of production.

What are the benefits to our customers? We are already the leader in safety. The Insurance Institute for Highway Safety has rated GM cars best for nine consecutive years, based on overall injury claim experience. Now, in only the past few years, we've greatly improved the quality of the fit and finish of our cars. The driveability (that's the way the powertrain operates when it's in the car) of our cars has also improved significantly, according to our customer oriented quality audit.

In fact, based on this rigorous audit, many GM cars are already world class. We are vying with our most formidable competitors to see who will set the standards for the world.

Our goal is to be the undisputed quality leader in every price class in which we compete. And we're on the way.

The vision is paying off.

This advertisement is part of our continuing effort to give customers useful information about their cars and trucks and the company that builds them.



Chevrolet • Pontiac
Oldsmobile • Buick
Cadillac • GMC Truck

"And to Keep Our Honor Clean"

The Marines struggle to live up to their hymn and their code of Semper Fidelis



It's been nearly 40 years since John Wayne, portraying Marine Sergeant John M. Stryker, was cut down by a sniper's bullet atop Mount Suribachi in *Sands of Iwo Jima*. But the Leatherneck

values of courage, loyalty and discipline that Wayne came to personify still survive in recruiting offices around the country. Just last week in Atlanta, even as the Marines reeled from the Moscow spy scandal, Michael Dunn, 20, was ready to sign up. Like generations before him, Dunn says he wants to be a Marine "because I need the discipline." Dunn, a sophomore at Morris Brown College, explains, "I've looked at the other services, talked to my friends, and I'd rather be with the best."

The best. That has been the Marines' coda from Tripoli to Belleau Wood, from Guadalcanal to Inchon. But in the past few years, these gleaming images have dissolved into others: blood-spattered rub-

ble in Beirut, interservice turf battles in Grenada, a can-do lieutenant colonel wearing a medal-bedecked uniform while invoking the Fifth Amendment, furtive Moscow nights of sex for secrets. Says former California Congressman Pete McCloskey, a twice-wounded Marine veteran of Korea: "When I saw 200-plus Marines in Beirut bunched up in violation of every standard precept, I winced a lot. When I saw Ollie North, I winced a lot. And Moscow. It just killed us."

The 1983 Marine-barracks bombing in Beirut, in which 241 servicemen died, was a tragedy of a new order for a Corps that had long ago grown inured to more than its share of casualties on the battlefield. Afterward the investigation by the Long commission faulted the Marine command for its lack of defensive preparations and for its ill-fated decision to house the men in a single barracks. The invasion of Grenada did little to burnish the Corps's fabled reputation as the "first

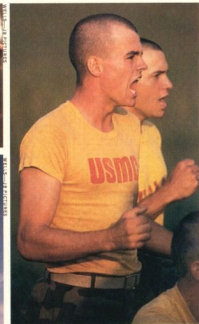
to fight." Owing to the demands of interservice glory sharing, only 36 minutes after the Marines landed at Pearls airport, the rival Army Rangers parachuted onto the airstrip at the other end of the island at Point Salines. It was a successful operation, and the Marines did themselves proud, but it raised questions about their unique role as the nation's elite amphibious strike force. And fairly or not, the Iranian arms fiasco has been partly associated with the gung-ho "Marine mind-set" of Oliver North and the command-and-control system of former Marines Robert McFarlane and Donald Regan.

Since their formation in 1775, the Marines have evolved into an arm of American foreign policy based on rapier-sharp discipline, a powerful code of integrity and a lustrous reputation as the nation's truest warriors. With just 196,000 members, the Marine Corps regards itself as the elite military service, though it is technically an arm of the Navy. But what most distinguishes the Marine Corps, forging the powerful esprit and the ideal of *Semper Fidelis*, is the basic training.

Gone from the modern training lexicon are the physical brutality and psychological abuse that once made camps like Parris Island, S.C., seem the American counterpart of Devil's Island. Boot camp is still rigorous, and some drills involve live ammunition; 37 enlistees have died during training at the Marine Corps Recruit Depot in San Diego since 1970. But Marine regulations adopted in 1976 forbid drill instructors from touching recruits except to correct their position during instruction or to prevent injury. Punitive push-ups are now limited to just five minutes, with a 30-second break midway. Mental harassment is frowned upon. "We don't use negative reinforcement anymore," says Lieut. John Coonradt at the M.C.R.D.

Marine recruits are supposed to run no farther than five miles, and jogging routes are lined with emergency telephones and water hoses. Regulations require that ambulances be present during all activities involving "heights or fights." As three platoons of recruits in San Diego waited to begin close-combat training last week, a drill instructor complained, "We can't start without an ambulance present."

But make no mistake, there is still a big difference between Marine boot camp and Outward Bound. In one platoon at the M.C.R.D., half the recruits admitted they were afraid of heights. Now they are about to endure what the Marines call the "slide for life," clambering up a 35-ft.-high wooden tower and then descending headfirst down wires that stretch across a



Boot training at Parris Island: left, climbing ropes at dawn; upper left, enduring a close shave; above, cheering on combatants during pugil-stick fights



muddy ditch. A recruit clings like a frightened tree sloth to the wire. Then, slowly, his grip loosens and he plunges into the muddy water. "You just let go. You didn't even try," snaps the angry instructor. "Back to the squad bay, Private."

At Quantico, Va., a number of Marines are enduring the rigors of a very different course that seems closer to Miss Manners than the halls of Montezuma: training to be diplomatic guards at a mock-up of an embassy called Marshall Hall. Social etiquette is the topic as a gunnery sergeant combines a lecture with a slide show. A photograph of a diplomatic reception is projected.

"What kind of dress do we say they're wearing there?" asks the sergeant. "That's right. That's black tie." Laughter greets the next slide, showing a Marine presenting flowers to a young woman in a low-cut gown. "Yeah, sometimes Marines get assigned to some real good duty," the sergeant concedes. The lesson continues with Marines asking seriously how to give a toast and whether floral centerpieces are customary at diplomatic dinners.

This emphasis on protocol seems strange for a program designed to safeguard the security of embassies. The six-week course is given five times a year to unmarried volunteers who have served for at least two years in the Marines with an unblemished record. The flunk-out rate at Marshall Hall is 27%, including those who don't survive a final joint Marine-State Department screening board. Oddly enough, freshly minted Marine guards are generally sent to hardship posts like Moscow. The theory is that congenial embassies like Paris should be reserved for Marines who have completed an initial 15-month tour of duty. The problem is that Marines who face the most serious security threats tend to be the least experienced.

Colonel Carmine Delgrosso, a 24-year Marine veteran, has commanded the embassy guard battalion since May 1986. In an interview last week, he defended the record of the Marshall Hall training program and the overall record of Marine guards. Occasionally, Delgrosso was nearly overcome with emotion as he talked of his loyalty to the Corps, his eyes filling with tears. "In a security system, the last thin, red line is the human factor," Delgrosso said. "In the end, everything centers on integrity. How do we guarantee integrity? We look for maturity, judgment. It's clear that Lonetree and Bracy had a problem with integrity."

Former Marines like McCloskey point out that Marine guards held back a brick-throwing mob when the embassy in Islamabad, Pakistan, was burned in 1979. But some say embassy guard duty, which the Marines shouldered in 1949, is unsuited for a group that is supposed to be a well-honed fighting force. Indeed, perhaps the most fundamental problem faced by the Marines, one that affects both their morale and their effectiveness, is that their mission has become murky.

Aside from Grenada, the last time the Marines launched an amphibious assault under combat conditions was during the

Korean War, when General Douglas MacArthur chose them for the Inchon landing. Marine strategists insist that the Corps retains a vital role in modern warfare. Lieut. General Alfred Gray, who commands the Fleet Marine Force (Atlantic), admits, "You'll never see staged assaults like Iwo Jima or Tarawa again." But Gray, who is thought to be one of the leading candidates to succeed Marine Commandant P.X. Kelley, adds, "Our mission is sustained power projection. For power to be sustained, it must come from the sea."

Other branches of the service are trying to mimic or duplicate the role of the Marine Corps by imitating its fast-and-flexible style; the Army, for example, is developing lightly equipped divisions for quick deployment. Even more disturbing are signs that the Marines have begun to imitate some of the top-heavy characteristics of the other services: 30 years ago there was one enlisted Marine officer for every two grunts; now the ratio is 1 to 1. Less than one-third of the troops in each Marine division now have combat jobs, and the ratio of desk jobs to field jobs for lieutenant colonels is 9 to 1. Because of this shift from "tooth" to "tail," what is supposed to be a streamlined strike force resembles the rest of the military bureaucracy.

Critics of the Corps say it suffers from

a lack of leadership at the top. The Marine commandant sets the tone, and Kelley, who was once perceived as a possible innovator, has been aloof and reclusive, almost solely interested in pursuing bigger budgets. Military Critic Edward Luttwak says the Corps is "wallowing in complacency." Some officers serving under Kelley at the Pentagon claim that the prevalent attitude is bureaucratic defensiveness. "Semper fi," grouses an officer at Marine headquarters, "means don't say anything critical because it's going to reflect on Kelley." Self-criticism is precisely what the Corps needs, say some experts. What they have instead, says one of Kelley's subordinates, is a "lot of bumper-sticker bravado."

Marine officers frequently describe the Corps in terms of almost religious intensity. A retired colonel, who likened the Corps to priesthood, summed it up best: "You're a Marine because you believe, because you keep the faith." That faith was grievously betrayed at the Moscow embassy. But equally damaging to the Marine spirit was Beirut and the smaller setbacks of a troubled decade. In the end, the Marines can probably survive anything, but the trench they find themselves in now will take some time and effort to escape.

—By Walter Shapiro.
Reported by Jon Hull/San Diego and Nancy Traver/Quantico, with other bureaus



Rough duty: top, a pause after the invasion of Grenada; right, a Marine chaplain amid the rubble of the barracks in Beirut; above, the Reagans honor four Marines killed by rebels in El Salvador



How state-of-the-art spying techniques work is the province of only a few people in the innermost recesses of the



These bugs are devilishly difficult to detect, and not just because of their tiny

Especially hard to detect are bugs that do not transmit through the air. Instead,

they are attached by wires to a listening post outside the building. The connecting "wires" can be almost anything that conducts electricity: metallic paint under the surface paint of a room, a regular electric line or even an air-conditioning vent. Since these cannot be detected by electronic sweeps, finding them involves carefully X-raying every square inch of a building or tearing apart the walls.

Some eavesdropping methods dispense with bugs altogether. Computers give off radio waves that can be picked up by interception equipment outside a building—in a van parked as far away as a mile, perhaps—and then translated by another computer. In theory at least, words typed on a computer screen will appear almost simultaneously on a second screen in the van. Experts differ on how close this technique is to being usable. One figure that a skilled technician could put the basic interception equipment together from components that can be bought in any electronics store for about

\$300. Maybe so, counters Frank Mason, president of a Fairfield, Conn., company that makes countermeasure devices for the Government, but "you would need almost laboratory equipment" to get a good reproduction. Protecting computers against such snooping is expensive. Metal shields can be placed around computers to contain the electronic pulses, but one expert estimates that installing and inspecting the shielding would cost more than \$200,000 for each machine.

The most exotic technique of all is to play laser beams against a window or any surface that vibrates slightly with sound waves. The laser beam senses the minute reverberations and transmits them to a computer that converts them back into sound. Richard Heffernan, vice president of Information Security Associates, a Connecticut firm that makes countersnooping equipment, doubts that this technique is all that practical—yet. A window, he explains, vibrates not only

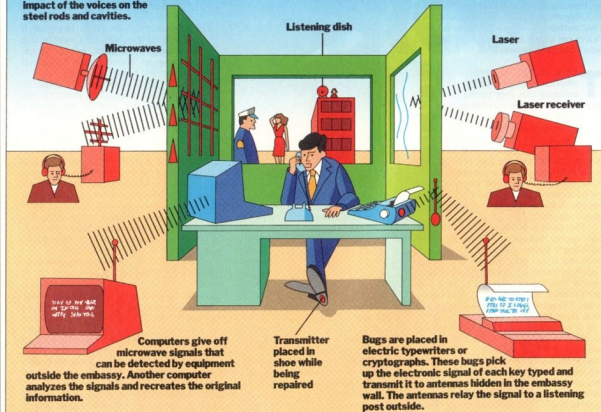
from voices inside but also with sounds that strike it from outside: jets overhead, traffic below, birds chirping. "Picking something off the window is difficult to do in most locations due to the high ambient noise outside," says he. Another expert, however, says the Defense Department is concerned enough about laser snooping so that it has rigged the walls of rooms in the Pentagon where sensitive conversations are held to continuously give off white noise—vibrations that might confuse the laser beams. So far as is known, this countermeasure has not been used in the Moscow embassy.

For a long time American experts have worried about mysterious low-level microwaves that have apparently been beamed at the embassy building. One explanation involves a possible type of snooping that does not require hidden transmitters in the building. Mysterious cavities along with configurations of steel rods and wire mesh have been found in the walls of the new embassy complex. It

STATE-OF-THE-ART SURVEILLANCE

Listening devices can be built into the walls of the embassy. An arrangement of steel reinforcing rods or cone-shaped cavities is hidden in the walls. Microwaves are beamed at the walls, and a computerized receiver differentiates how the frequency of the microwaves is modulated by the impact of the voices on the steel rods and cavities.

Sound and words cause windows in the room to vibrate. A laser beam is directed at the window. The beam is reflected and picks up the vibrations of the window. A computer then reads the beam and converts it back into sound.



TIME Diagram by Jan Lortola

Nation

The Presidency/Hugh Sidey

When in Moscow . . .

is theoretically possible that the micro-waves could somehow pick up the reverberations that emanate from within the walls of a building; a computer would then analyze those reverberations.

Diplomats who have served in Moscow insist that Americans have assumed for decades that all their conversations might be overheard, and made it a rule to take precautions. George Kennan remembers discovering a Soviet bug in the Ambassador's residence when he was a young foreign-service officer in Moscow in the 1930s and finding a more sophisticated one in the beak of the eagle in the Great Seal of the U.S. when he was Ambassador to Moscow in 1952. (President Eisenhower disclosed that bug years later during the U-2 spyplane crisis.) Says Kennan: "For half a century at least we've gone on the theory that the premises we occupied in Moscow were not safe unless special precautions were taken."

One precaution was the "bubble," a supposedly bugproof, heavily shielded room-within-a-room in the embassy. But now it is assumed that Marine guards let Soviet agents into the bubble to plant bugs there too (two new bubbles have since been built). The greatest damage would have been wrought if a bug in the encoding equipment did indeed allow the Soviets to crack the U.S. code and read all messages going into and out of the embassy. Presumably these would have included U.S. negotiating positions. Says John Barron, author of a book about the KGB: "Give me access to your ciphers, and you won't have any secrets."

There is hot disagreement over whether any part of the new U.S. embassy can ever be made safe for anything except the most mundane conversations. No one seems to think that all the bugs in the building will ever be found. To do so might require conducting what one expert calls a "destructive search"—which means nothing less than tearing the building apart. But some optimists believe that at least some rooms can be made secure, mostly by shielding them in copper, lead or other materials that foil electromagnetic emissions.

But there is a strong current of opinion among specialists that the whole building is hopeless and the only thing to do is raze it and start over again with materials prefabricated in the U.S. "Putting up the building has just got to be a bugger's dream," says one expert. Hal Lipset, a San Francisco private investigator who won fame in the 1960s by concealing a bug in a martini olive, agrees: "The whole building is one big microphone." If that advice is followed, however, the U.S. for many years would have to keep conducting diplomacy in the old building, which has apparently been sown with sophisticated bugs that have so far proved impossible to find.

—By George J. Church.

Reported by Jay Peterzell/Washington and Raji Samghabadi/New York, with other bureaus

Here were all those weary Americans in Vladivostok, about as far away from home as you could get, and they were coming down to the crunch on a nuclear-arms agreement. They needed a place and some time for secret talk among themselves. There was no place to go.

At least they figured there was no place that was not rigged for cameras or bugs or eavesdroppers or all of the above. After all, Soviets are, well, Soviets. Next to hockey, bugging is what they do best.

Jerry Ford put on his big fur hat and heavy coat, and ordered his retinue out into the Primorskian night where it was 10° F and snowing hard. Bill Hyland, then a Ford aide and now editor of *Foreign Affairs*, chuckled inwardly at the bizarre spectacle of some of the world's most powerful men walking in a strange courtyard at midnight, befurred heads together like so many frozen caterpillars, clouds of steam rising from their whistles about throwweights and MIRVs.

That's a strange way to run the world. It would be hilarious if it were not so serious. But the Soviet penchant for bending and breaking the rules of civilized behavior has plagued every modern President. Not that we don't try our hand at the game, but it's not a way of life, and so we are not very good at it.

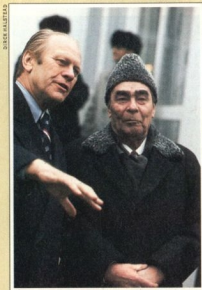
When John Kennedy came back from his Vienna summit with Nikita Khrushchev in 1961 he was full of stories about the Soviets' possible intrigue, from smuggling a small atom bomb into the attic of their Washington embassy to monitoring his calls from the White House. How should the U.S. counter it? Kennedy was asked. Go into a protective cocoon? No, he replied, if we did that we would soon be like them. There probably was no answer, he insisted, until the Soviets changed a bit.

There is just the faint suspicion that the stories told about all this skulduggery may be exaggerated. Former Secretary of State Henry Kissinger liked to tell the one about a visitor to Moscow when he was a bachelor. The KGB big shot assigned to his tour kept talking out of the side of his mouth about all the lovely girls he could make available to Kissinger at the slightest signal. Kissinger declined each of the three invitations, but he was tempted to say, "Look, send one around, get your pictures and then leave me alone." After that Kissinger carried a "blabber tape" with him whenever he headed for the Kremlin. The trouble with the tape, which was a jumble of incomprehensible words designed to overwhelm bugging devices, was that when turned up to the required volume, the blabber nearly drove the people in the room out of their skulls.

Richard Nixon, having a conspiratorial bent himself, knew he had to take some precautions on his 1972 visit to Moscow, so he asked to have his limousine with its secure cabin shipped in. The Soviets hassled the Americans, but Nixon was tougher. The car was flown in, and Nixon and his aides repaired there for their discussions.

It was at that summit, as Hyland relates in his new book *Mortal Rivals* (Random House; \$19.95), that the Soviets offered the Americans a special safe for their secret papers, assuring the visitors it was a reliable model. The Americans for once said no. But some of the veterans of that diplomatic foray now wonder if the offer, such an apparent snare, was not really a kind of high-level gesture of hospitality. Soviets spy on Soviets more than on Americans. And since the Soviets wanted the meeting to be a success, the top apparatchiks may have been trying to shield their visitors from the uncontrollable tentacles of the Red bureaucracy.

The comforting thought occurs, as the preposterous story of the great embassy standoff unfolds, that both superpowers are spending so much time, manpower and money on that shady struggle that they will be too depleted for real war.



Ford and Brezhnev lend each other an ear

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MOTOR TREND MAGAZINE

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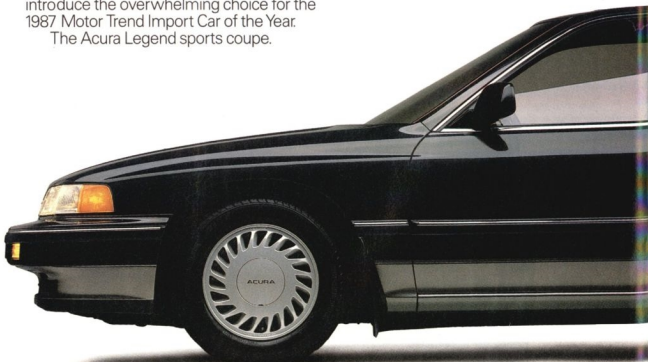
That it achieves all this to the accolades of Motor Trend is achievement enough. That it does so for a starting price of around \$22,000* is really quite remarkable.

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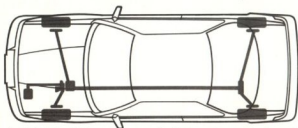
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Double wishbones, both front and rear

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They Set Out To Build A Utopia Was A Great Place For A

Probably the last thing the Swedish religious dissidents who came to the prairies of western Illinois in 1846 to start a utopian commune ever dreamt of was that their little town would someday be a great place for a party.

But such is the case with Bishop Hill, Illinois.

Every year these raucous Swedes put on a traditional

Scandinavian summer festival called Sommarmarknad that takes up pretty much the whole town.

(Which, by the way, has been restored to 19th Century perfection from working blacksmithery to beeswax shop by real-life descendants of the original utopians.)

Then in September, they toss a blow-out harvest fest with wagonloads of ethnic Swedish foods that are as strange and wonderful in your mouth as the name of the

For information on Illinois His





a. What They Ended Up With Wine And Cheese Party.

festival itself, Jordbruksdagarna.

And at Christmas, Julmarknad, the whole town becomes a lighted Swedish market and carolers and the "Jultomte" roam the streets.

Of course you needn't wait for a holiday to appreciate the spare Scandinavian architecture that rises gauntly out of the rolling Illinois prairie.

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vation, separation from their homeland, cholera, kidnappings, assassination of their leader, and economic failure in order to build a perfect world.

Just come between April 4th and Christmas, when, as they say back in Sweden, "the joint is jumpin'." When you're talking parties, there's no more perfect place to be than utopia.

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are the responsibility of individual winners. Winners may be asked to execute an affidavit of eligibility, advertising consent and waiver of liability. Winners will be required to verify the amount of their mortgage or rent payments.

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Nation

Congress's Case

New evidence on Iranscam

For the Reagan Administration, April has been the kindest month on the Iranscam calendar. A long, brutal winter of damaging leaks and accusations culminated in the release of the Tower commission report, the cathartic firing of Chief of Staff Donald Regan and his replacement by Howard Baker, followed by the President's address and press conference on the scandal in March. The advent of spring has provided a welcome time-out for Reagan and his new advisers.

But the respite will be brief. On May 5, Congress is scheduled to begin its public hearings on the Iran-*contra* affair. While the scandal has been off the front pages recently, congressional investigators and Independent Counsel Lawrence Walsh have slowly and meticulously been building a powerful case against the melodrama's key players. Sources close to the probe told TIME last week that there is now "enough evidence to indict people."

The information unearthed reportedly transcends the discoveries of the Tower commission. "People were very careful," says one prober of the Iranscam schemers. "But they left a great paper trail." Some of the most important evidence, however, was not on paper but on computer tape: the White House has provided investigators with much more of the electronic correspondence between former National Security Adviser John Poindexter and his aide, Lieut. Colonel Oliver North, that proved so valuable to the Tower commission. These new messages, says a committee member, will be as crucial to explaining the essential mysteries of Iranscam as the White House tapes were to resolving Watergate. In addition, the White House recently completed an exhaustive review of all documents relevant to the affair, then turned them over to Walsh and the joint committee.

Investigators say they have traced much of the *contra* money trail. According to sources, "every penny" of the contributions North helped raise from private donors reached the Nicaraguan rebels. Contrary to reports last December, none of the solicited money was funneled to campaigns against anti-*contra* members of Congress. While leaders of the Nicaraguan rebel forces claim they never received any of the proceeds from the Iranian arms sales, investigators think a substantial amount of the earnings did indeed drop into *contra* coffers.

Probers suspect that former CIA Director William Casey played a dominant role in Iranscam, despite his proclaimed ignorance of the scheme. Casey, who underwent surgery for a brain tumor last December, resigned in January, and his physicians have maintained that he is unfit to testify. The lawmakers plan to send their own doctor to examine Casey and



Senate committee leaders confer on the Hill
Warren Rudman with Daniel Inouye.

report on whether he is capable of delivering testimony. One investigator justifies this step by explaining that if Casey does not talk "we may never know" the extent of CIA involvement in the scandal.

Meanwhile, the man who has been picked to succeed Casey, FBI Director William Webster, weathered some tough questioning at his confirmation hearings before the Senate Select Committee on Intelligence last week. Webster acknowledged reading an FBI memo of last Oct. 30 that indicated North might be facing a criminal investigation for his role in the secret *contra* supply network. Three weeks later, when Attorney General Edwin Meese informed Webster that he was launching an inquiry into the affair, Webster did not mention the memo. The Senators grilled Webster on his reticence. "I didn't remember that piece of paper," he explained, "or have it in my mind." Despite his memory lapse, Webster performed adequately, and is expected to win confirmation after Congress's Easter recess. He went out of his way to assure the panel that he will be a cooperative CIA director. "I will not," he pledged, "try to be devious or cute with the committee."

The White House also seemed eager to please Congress. The President agreed to provide the Iranscam committee with some of his personal notes on the scandal. Under the terms of the deal, new White House Counsel Arthur B. Culvahouse Jr. will peruse Reagan's handwritten diaries and produce a report including any references to the Iran-*contra* affair. While Reagan is going far beyond constitutional requirements for disclosure, some committee members would have preferred more direct access to the diaries. Nevertheless, one legislator described the deal as "fair." He added, "We got what we asked for."

—By Jacob V. Lumar Jr.

Reported by Hays Gorey/Washington

Hinckley's Hope

He seeks a day on the town

On the streets of Washington, "Hinckley" is slang for PCP: the drug is so mind bending that the user can end up in St. Elizabeths, the local psychiatric hospital where John Hinckley Jr. was sent after shooting Ronald Reagan in 1981. The hospital has tried to treat its notorious inmate like any other patient. But the futility of that became apparent when St. Elizabeths, maintaining that Hinckley's condition has improved, recommended that a judge allow him to leave for a one-day unescorted visit with his parents over Easter.

Because Hinckley was found not guilty by reason of insanity, he has a right to go free as soon as his doctors and the court agree that he no longer poses a danger. But the Government, which would like him to stay locked up, last week went to court to block the Easter excursion. Each new privilege, it fears, is a step leading inexorably to Hinckley's eventual release. "He shot four individuals, and to us he is still a threat," says Secret Service Spokesman Richard Adams.

According to the hospital, Hinckley has shown significant progress since he was diagnosed as suffering from a "narcissistic personality disorder." Though he still resides in a maximum-security ward, he has gone without antipsychotic medication since October. "His psychiatrists feel he is no longer a danger to himself or others," argues Dr. Harold Thomas, a hospital spokesman. "These visits can help Mr. Hinckley's development."

A few years ago, Hinckley became enamored of a one-armed fellow inmate, Leslie deVeau, who was committed in 1982 after shooting her ten-year-old daughter to death and attempting suicide. DeVeau has since become an outpatient, and works as a secretary at the hospital. Hinckley told a visiting psychiatrist he hopes one day to be released in her custody—an ambition the Government offers as a sign that Hinckley is far from recovered.

The average stay at St. Elizabeths for criminally insane patients is five years. Doctors argue that Hinckley is no more of a risk than the hundreds of others released every day. Were it not for the fame of his victim, they insist, he would probably have already been freed. But Hinckley's case, which comes up for review every six months, will inevitably remain problematic. "There is no precedent for dealing with assassins," says Dr. Park Dietz, a forensic psychiatrist who testified at the 1982 Hinckley trial. "None have ever been released from custody alive."



The patient

A Tale of Urban Greed

Wedtech's web of corruption stretches beyond New York

Once upon a time the story of the Wedtech Corp. seemed to be a modern urban fairy tale, a kind of parable showing that America was still the land of opportunity. The story began in New York City in 1965, when John Mariotta, a diemaker, high school dropout, and the Manhattan-born son of Puerto Rican parents, invested \$3,000 to start a small manufacturing company in a renovated brick garage in a desolate area of the South Bronx. Five years later Mariotta struck up a partnership with Fred Neuberger, a mechanical engineer who as a boy had escaped Nazi persecution in Eastern Europe. The firm, then known as Welbilt Electronics, struggled to survive, winning only a few small contracts.

Then the partners discovered they were eligible for loans from the Small Business Administration to minority-owned companies. By the early 1980s Welbilt had become the beneficiary of an SBA program allowing minority firms to obtain federal contracts without competitive bidding. The once two-bit machine shop began winning million-dollar military contracts for Army smoke-grenade launchers and Navy pontoon bridges. Within a few years 95% of its business came from these "set-aside" contracts.

The company, which changed its name to Wedtech in 1983, moved to a large, low-slung red brick factory in the shadow of Yankee Stadium. Expanding quickly, it hired more than 1,000 black and Hispanic workers from the neighborhood, a blighted area that had lost 40% of its manufacturing business during the previous decade. Wedtech's profits jumped from \$8 million in 1981 to more than \$72 million for the first six months of 1986, and the company became a potent symbol of minority achievement. On a 1984 visit to New York City, Ronald Reagan lauded Wedtech's success. "People like John Mariotta," said the President, "are heroes for the '80s."

But in recent months federal and local prosecutors have made clear that Wedtech is not a fable of small-business success but a morality tale of outright greed and corruption and the perversion of good intentions. Wedtech prospered, prosecutors say, as a result of promiscuous bribery of city, state and federal officials and a conspiracy to win government contracts by fraudulently depicting itself as a minority-owned business. Wedtech's rise and fall is more than just another example of New York's current convulsion of corruption; the company's overreaching may have stretched even to the White House. A special prosecutor is investigating the possibility that former Presidential Aide Lyn Nofziger violated Government ethics laws in lobbying for Wedtech, and Attorney General Edwin Meese has been

forced to explain his efforts on behalf of the company.

Thus far, four former Wedtech executives, including Chairman Neuberger, the former treasurer, the chief financial officer and a senior vice president, have pleaded guilty to a range of charges, including bribery and mail fraud. Mariotta, booted out of the company in February 1986, has not been indicted.

Payoffs were so routine at Wedtech, state prosecutors allege, that the company maintained a secret bank account for depositing kickbacks from contractors and greasing public officials. Earlier this month, former Bronx Borough President Stanley Simon was indicted on federal

6-h.p. engines in 1981, for instance, San Francisco Attorney E. Robert Wallach was hired as a Wedtech consultant. Wallach, an old friend and lawyer of then Presidential Counsellor Edwin Meese's, was allegedly given some \$500,000 worth of company stock over several years in addition to a retainer for his services. For several months Wallach sent detailed memos to Meese concerning Wedtech's efforts to win the engine contract.

Wedtech also retained Nofziger, who had left the White House in January 1982 to set up one of Washington's ubiquitous consulting firms. In May, Nofziger wrote a letter on behalf of the company to Meese's chief deputy, James Jenkins; the letter appears to have violated a law that prohibits former federal officials from lobbying their old agencies for a year after leaving the Government. In response, Jenkins set up a White House briefing on Wedtech that was attended by top Army



Company headquarters in the Bronx; Mariotta and Neuberger in 1983 during better days
A morality tale of outright greed, corruption and the perversion of good intentions.



charges that he extorted more than \$50,000 from Wedtech. Bronx Congressman Robert Garcia is said to be under investigation for accepting bribes, and federal officials suggest that as many as 20 public and private figures will eventually be indicted. Wedtech's tentacles groped upward and outward.

From the beginning of their partnership, Mariotta and Neuberger were proud that they made a good product for a good price. But they felt that procurement officials in the Defense Department sneered at the company and did not give it a fair shake. Their plan of attack, according to investigators, was to shower money on virtually everyone they thought could help the company win contracts. Not all these efforts were illegal, but they illustrate how Wedtech spent its way to success.

When Wedtech set its sights on a multimillion-dollar Army contract for

officials and SBA representatives. Soon afterward the Army dropped its objections to the Bronx firm. Wedtech got the first of many military contracts. Jenkins subsequently left the White House and in October 1985 began consulting for Wedtech. Last week Meese acknowledged indebtedness on Wedtech's behalf, but said he acted no differently in this instance than in "dozens of similar matters that came to my attention at the White House."

With military orders flowing in, Wedtech's revenues grew to \$72.3 million by 1984. The company went public with a \$30 million stock offering, making millionaires of Mariotta, Neuberger and other executives. But the stock sale almost killed the goose that laid the golden egg: since Mariotta was no longer the majority stockholder, Wedtech ceased to qualify as a minority-owned company. When the local SBA office began proceedings to remove the company from the set-aside pro-

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INSURANCE COMPANIES**



gram, Wedtech's officers quickly worked out an agreement to transfer 1.8 million shares of stock to Mariotta's nominal control. Wedtech turned to the law firm of Richard Biaggi, son and former partner of South Bronx Congressman Mario Biaggi. Biaggi's firm received more than \$1 million in fees and stock over the years for representing Wedtech. The SBA later approved Wedtech's stock transfer and allowed it to remain eligible for minority contracts.

The company's downfall began when Mariotta was ousted as Wedtech's chairman and replaced by Neuberger after disputes about management policies. The stock that Mariotta supposedly controlled was returned to the company, and Wedtech yielded its status as a minority-owned business. The stock dropped from \$11.44 a share in March 1986 to \$6.50 in October. Soon after, New York City newspapers began linking the firm to corruption investigations. Wedtech officials admitted they had forged invoices to speed up payments from the Army. By year's end the company had laid off 1,000 workers and filed for bankruptcy. Debts were listed at \$212 million.

The Wedtech scandal is a blot on the minority set-aside program, which conservatives have criticized for being ineffective and poorly administered. Many of those who support the program agree that it needs reforming. Massachusetts Congressman Nicholas Mavroules, a member of the House Small Business Committee, has introduced legislation that would increase the penalties against minority front companies and require set-aside contractors to report to the Inspector General on their use of consultants. Mavroules wants to reform the set-aside, not eliminate it. Says he: "I believe the program is still very much needed to encourage the growth of fledgling minority-owned business."



Edwin Meese

Wedtech, meanwhile, is attempting to resurrect itself. A new management team has in its pocket a \$500,000 loan from Chemical Bank and \$38 million in Government contracts, none of which are the subject of investigation. Gone are the Cadillacs and limousines used by Wedtech's former officers. A \$305,000 Manhattan condominium purchased in 1985 for "entertainment" purposes is on the market. Eventually, Wedtech's officers hope to rehire many of its former workers.

The biggest crime of all, says Wedtech's new president, Joe Felter, is that the scandal "cast a terrible aspersion on our minority work force that was grossly undeserved." For the moment, though, the sophisticated computer-controlled machines on the shop floor are mostly silent. For the South Bronx, Wedtech is one more example of hopes betrayed.

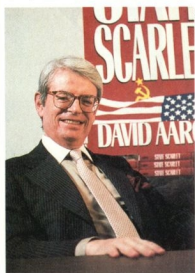
—By Richard Stengel

Reported by Joseph N. Boyce/New York and Anne Constable/Washington

How Many Fingers on the Button?

Too many, as a new novel called State Scarlet points out

Tensions escalate. The military goes on alert. A Soviet-American showdown seems probable. When a nuclear attack upon the U.S. is considered imminent, authority to use nuclear weapons is automatically "predelegated" to various military commanders. For a nation that mistakenly assumes only the President's finger is ever on the button, this little-known fact will come as a disconcerting discovery. In his first novel, *State Scarlet* (Putnam: \$18.95), David Aaron, a top staffer at the National Security Council during the Carter Administration, uses fiction to show how the nation's command, control and communications sys-



Author and former NSC Staffer David Aaron

The President does not control the trigger.

tem, known as C³, could spin out of control during a crisis.

With its tense plot wrapped in insider's jargon, *State Scarlet* follows in the tradition of Tom Clancy's best sellers, *The Hunt for Red October* and *Red Storm Rising*. In Aaron's book a disgruntled G.I. in Europe provokes the crisis by stealing a backpack-size nuclear bomb and threatening to detonate it unless the President withdraws nuclear forces from Europe. When the Kremlin hears about this, it activates its own crisis machinery, and the two sides inexorably proceed toward a macho nuclear confrontation. The chief of the Strategic Air Command warns that the C³ system can absorb only a couple of hundred "hits" and still function. The National Security Adviser, who wants to prepare American missiles for launch even without the President's approval, argues, "If the Soviets strike first at our command and control, we may not be able to strike back." In short, the U.S. has to be prepared to use its missiles or lose them.

It is something of a mixed blessing that

the Soviets are equally confused. The General Secretary struggles to keep his hawkish military in check, but both leaders are unpleasantly surprised to learn of cracks in the system. Initially the Pentagon can't find all its 25,000-odd nuclear warheads, and dismisses this problem as "inventory shrinkage." A ballistic-missile submarine in the Indian Ocean can't be located. The Soviet leader's helplessness mounts as the KGB and Soviet military battle for turf.

The most distressing revelation for the American President is that he really does not control the trigger. "I hope you realize, Mr. President," an aide says, "that you're not the only one who can release nuclear weapons." Launch authority devolves on the President's 15 constitutional successors (including, ultimately, the Secretary of Housing and Urban Development and the Secretary of Transportation) and also on the National Military Command Center, the Strategic Air Command, and a "looking glass" airborne command center. "They all can launch if you're incapacitated," the aide tells the President. Then, ominously, he adds, "As a practical matter, sir, they can also launch even if you're not."

The President's dilemma spotlights a basic conundrum of the nuclear age: how to limit access to the nuclear button yet make sure it can still be pushed if something suddenly happens to the President. The novel also gets to the heart of a debate over nuclear strategy: Does it make sense to target the Kremlin and other Soviet command centers? That might serve to destroy Moscow's war-fighting capability, but it could also eliminate its ability to de-escalate a crisis once the shooting begins. This strategy is known as "nuclear decapitation," and Aaron likens it to "two headless chickens" in a fight.

Although public attention has widely focused on arms-control schemes, many experts feel it is far more important to find ways to reshape the military strategies of both nations to make it less likely that a nuclear crisis will spin out of control. If either nation feels that its command structure is vulnerable, it is more likely to get an itchy finger on its button. One way to prevent this is to establish crisis-control centers to prevent misunderstandings. Another is for the U.S. to make its C³ system more survivable—and to avoid causing the Soviet command to feel vulnerable—so that there would be less pressure on either side to launch a pre-emptive strike and less chance that a confrontation could get beyond the President's control.

As former Defense Secretary Robert McNamara puts it, a credible deterrence presupposes a believable command and control structure. Aaron's concern is that C³ is the Achilles' heel of America's capacity to respond. "Deterrence is like fine crystal," he says. "It's tough, but brittle and can shatter." —By Bruce van Voorst/Washington

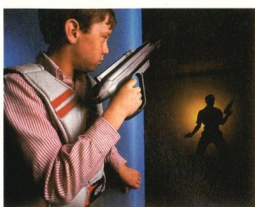
American Notes



The playing field that may have buried the Palos Verdes blue butterfly



SHIRLEY W. HUGHES



Mock fighting with the too realistic Lazer Tag gun

TAXES

Many Unhappy Returns

Most people hate to fill out an income tax return; Tommy Robinson must be able to do it in his sleep. IRS investigators say Robinson, a \$170-a-week maintenance man in West Palm Beach, Fla., filed 350 fraudulent tax returns this year, claiming \$1.5 million in refunds, one of the largest such scams ever uncovered by the IRS. Brought before a magistrate last week, Robinson, 30, muttered something about a "misunderstanding." If he is convicted, the misunderstanding could cost him \$100,000 in fines and 50 years in prison.

CALIFORNIA

Blues for A Butterfly

Smaller than a silver dollar and azure as a summer sky, the elusive Palos Verdes blue butterfly was not even discovered until 1977. Three years later the rare subspecies, found only on the Palos Verdes peninsula south of Los Angeles, was placed on the Federal Government's list of endangered species. Then in 1983 the city of Rancho Palos Verdes opened a new playing field in a park where loocwood had provided a habitat for the extraordinary insect. That was the last anyone saw of the blue butterfly.

But the tiny creature lives on in court. The U.S. Attorney's office has charged Rancho Palos Verdes with criminal violation of the 1973 endangered-species law; the city could face up to \$20,000 in fines. Mayor Mel Hughes believes the feds are just looking for a scapegoat to blame for the butterfly's disappearance. Says Hughes: "We just happened to be there holding the smoking park."

POLITICS

Two More for The Road

Although the race for the Democratic presidential nomination has already drawn a slew of well-organized candidates, two more prospects decided to join the crowd last week. Senators Paul Simon of Illinois and Albert Gore of Tennessee announced they would begin campaigns for the White House.

Gore, 39, may be pinning his hopes on the Southern regional primary on March 8, when nearly 30% of the convention delegates may be selected. Gore told a Washington audience that the nation is ready to turn "to youth, vigor and intellectual capacity," presumably his own.

The owlish Simon, 58, hopes his Midwestern base will translate into an impressive showing at the Iowa caucuses. He expects his unabashed support for "traditional" Demo-

cratic Party liberalism to separate him from the pack of "neoliberals" chasing the nomination. Said Simon forthrightly: "I am not a neo anything. I am a Democrat."

TOYS

Deadly Gunplay

The pistol's realistic ability to hit a target with an infrared light beam has made the Lazer Tag gun the hottest high-tech toy on the market, although it has been condemned by critics for promoting violence. Now the game's realism appears to have cost a young player his life. One night last week Leonard Falcon, 19, and three young friends were darting about Central Elementary School in Rancho Cucamonga, a suburban town 45 miles east of Los Angeles, zapping each other with the beams from their guns. During the mock combat, Falcon jumped from behind bushes, assumed a shooting stance and fired his plastic pistol at an obscure figure. In the next instant Falcon was killed, after two shotgun blasts were fired by a sheriff's deputy.

Authorities say the officer was investigating a report of armed prowlers in the schoolyard; in the darkness the distinct flash of light from the toy gun made it look as if a real pistol were being fired. "The deputy reacted as he had been

trained to react," said City Manager Lauren M. Wasserman. "He had a hundredth of a second to make a decision." Said the boy's father Joseph Falcon, who had been uneasy about the toy guns: "Something has got to be done to warn people."

CHICAGO

Washington's Victory Song

"My kind of town, Chicago is," crooned Mayor Harold Washington with more enthusiasm than tune. He had good reason to sing: the elated mayor was celebrating his re-election and emergence as Chicago's most dominant political figure since the late Mayor Richard J. Daley. Washington took 53.5% of the vote last week to trounce his archenemy, former Alderman Edward Vrdolyak (42.2%), and Republican Donald Haider (4.3%). Cook County Assessor Thomas C. Hynes withdrew from the race 36 hours before the polls opened.

Becoming the first Chicago mayor to win re-election since Daley did it twelve years ago, Washington gained the kind of clout he will need to recast the city council and the shattered Democratic machine to his liking. But Chicago's bitter political divisions remain: the mayor captured an estimated 95.6% of the black vote but just 20% of the white vote.

ISRAEL

Sagging Spirits

Coalition squabbles and a spate of scandals dampen a holiday

This week in millions of households around the world Jews are celebrating the Passover holiday. Following an ancient ritual, after sundown on Monday evening they sit down at the Seder table to retell the story of the Jewish exodus from slavery in Egypt. They recall their ancestors' tears with salt water and bitter herbs and eat a sweet concoction of nuts, apple and wine to commemorate the mortar with which slaves once cemented bricks. The anguish of captivity is recounted in the text of the *Haggadah*, and the joy of freedom celebrated with song.

This year's Passover in Israel, however, will not be a totally festive occasion, for the country's mood is one of anxiety and

uncertainty rather than hope and promise. Israel's national spirit is sagging under the weight of a succession of embarrassing scandals. These include the Shin Bet affair, in which two Arab terrorists were killed while in the custody of Israeli security officials in 1984, and Jerusalem's role in the Iran-arms deals and the Jonathan Jay Pollard spy case, which involved an American Jew spying on the U.S. for Israel.

Now, on top of all that, comes a bitter and very public dispute between the leaders of the country's national unity government about the next step in Middle East diplomacy. Both Prime Minister Yitzhak Shamir, head of the Likud bloc, and Foreign Minister Shimon Peres, the Labor Party leader, are increasingly worried that

Israelis will judge the government's greatest failure to be its inability to achieve a breakthrough in relations with its Arab neighbors. Yet the two men are at loggerheads over a peace strategy. Shamir holds out for direct talks, maintaining that the only way to guarantee enduring peace is to negotiate a separate accord with each country involved. Peres agrees that direct talks are critical but believes that Jordan and other Arab states will negotiate only under the umbrella of an international conference.

Peres spent five days in Spain and Italy last week championing the idea of such a meeting. At a regional session of the Socialist International in Rome, Peres held an unexpected round of talks with two Soviet officials. According to Knesset Member Uzi Baram, a Laborite who traveled with Peres, the Foreign Minister told the Soviets that a restoration of diplomatic relations between Jerusalem and Moscow would help promote an international conference that would include the Soviet Union.

Peres' diplomatic initiative had the blessing of neither the Israeli Cabinet nor the Prime Minister. When Shamir heard about the Peres proposal, he warned, "No salvation, and certainly no peace, can result from this." To reporters he snapped, "I hope he won't succeed." Shamir fears the Soviets' involvement would help the Arabs exact territorial concessions from Israel and give Moscow the power to impose its own terms on the Middle East.

After Shamir's criticism, Peres threatened that any attempt to disrupt his trip would endanger the "existence of the present government." Then, while Peres was on his way home, the Prime Minister stepped up his attacks. An international peace conference would be "national suicide," he said. "The whole idea is crazy and illogical." Again Peres warned of a government breakup. Then, more calmly, he added, "I'm not looking for the end of the government but for the beginning of peace."

The result of all the scandals and the intensifying antagonism between the main players in the coalition has been a pervasive national sense of unease. Although there has been little unrest in the streets beyond a sprinkling of student and Arab protests, the malaise is palpable. Says Hanoch Smith, a leading Israeli public opinion pollster: "The crisis of confidence has been brewing for a long



At loggerheads over a diplomatic initiative, Shamir and Peres cannot agree on a strategy. Despite all the troubles, polls show that the public does not want the government to fall.

time, and it's slowly getting worse."

The erosion of confidence is reflected in public attitudes toward the government. Last September, with the Lebanon debacle far behind and the inflation rate hovering around 25%, down from an annual high of 800%, Smith's polls showed the coalition enjoying a 63% popularity rating. In January, with fresh details of the Iran arms deal emerging daily and the Pollard affair simmering, the government's rating dropped to 47%.

The plunge seems to reflect in part the public reaction to the leadership change within the coalition government. Last October, under the terms of a power-sharing plan worked out by Labor and Likud after the elections of 1984 resulted in political deadlock, Peres and Shamir swapped jobs. The intellectual Peres tends to fare better in the polls than the scrappy Shamir. In January, Peres' approval rating was 70%, Shamir's 49%. Although the Prime Minister was recently elected leader of the Herut Party, core of the Likud bloc, Smith says that a new poll due out in several weeks will show a decline in both Shamir's and Peres' popularity.

The sniping within the Cabinet unsettled some European officials who found themselves caught in the cross fire. Authorities in Madrid, who were hosts for the first official visit to Spain by an Israeli Foreign Minister, could not figure out who was making Jerusalem's foreign policy. "After hearing Mr. Peres urge a conference, we got two pages of notes from the Prime Minister's office via our embassy in Israel explaining why Israel should not agree to an international peace conference," said Jorge Dezcallar, director-general of the Spanish Foreign Ministry's Middle East department. Israel, he acknowledged, had put Spain "in an uncomfortable position."

Elsewhere in Europe last week, Israeli diplomacy had a smoother ride. Setting another precedent, President Chaim Herzog became the first Israeli head of state to visit West Germany. At the site of the Bergen-Belsen concentration camp, which he helped liberate in 1945 as an officer in the British army, Herzog said, "I do not bring forgiveness with me, nor forgetfulness. The only ones who can forgive are the dead. The living have no right to forget." Despite the agonizing memories, Herzog hailed West Germany as "one of our closest friends." That was more than mere rhetoric. Today the Federal Republic is Israel's leading European trading partner and is the principal supplier of technology and tourists, after the U.S. Of his trip to Bonn, Herzog said, "Just as we can never forget the past, so we do not dare to ignore the future."

It is the future, in fact, that has Israelis on edge. As they look ahead, many are dissatisfied with their country's leaders. "There's a terrible restlessness developing," warns Pollster Smith. "Israelis have no one to look up to, no credible leader. So they don't know where they're headed." No exciting young politicians have surfaced to challenge the reigning trinity of



Herzog (with hat), right, at Bergen-Belsen: "The living have no right to forget"

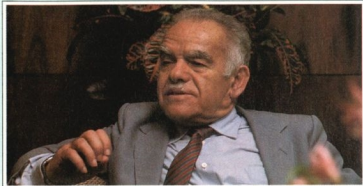


In Jerusalem, students take to the streets to protest tuition hikes



In the northern village of Ummel Fahm, demonstrating Arab youths raise the Palestinian flag

Shamir: "I Think It Will Pass"



As his government was being buffeted by the Pollard scandal and by other problems, Prime Minister Yitzhak Shamir met in his office with TIME Jerusalem Bureau Chief Johanna McGeary and Reporter Robert Slater for a 45-minute interview. Excerpts from their talk:

Q. Is Israel suffering from a crisis in confidence?

A. We are self-confident, and we know that we are on the right track. We have our difficulties, of course. Who has not? But there is no doubt that we are making progress in our economy, in our military strength, in our security. Peace is making progress.

Q. Has the recent spate of scandals affected the country?

A. I don't think so. I think it will pass. Scandals you have everywhere you have the press. They will discover scandals.

Q. Has Israel done all it can to answer concerns about the Pollard case?

A. It's painful, I think, very painful. It has caused us a lot of suffering. And, well, we try to do everything possible, but it's not easy. Now we have these investigating committees, and I hope they will bring some answers, some solutions.

Q. If you had known Pollard was spying for Israel what would you have done?

A. I would have stopped it immediately. It's a pity that I didn't know how to. That's the whole problem. It should have been stopped immediately.

Q. So if someone had told you that this intelligence information you had actually came from an American spy...

A. I would have said, "I don't want to see any such intelligence reports." It's not only policy, it's a moral question.

Q. Will Israeli political heads have to roll?

A. This is not important. What I have to think is how to avoid any damage to Israel. I don't think about personalities.

Q. What is required to reinvigorate the peace process?

A. We have to proceed according to the Camp David agreements. This is the most realistic way. In spite of all initiatives and trends, nobody has found a better way to get a solution.

Q. But now most efforts seem aimed at convening an international conference.

A. In my opinion, it will not serve the cause of peace. We believe we can only get peace by talks between the parties. An international conference will make things worse.

Q. Why shouldn't the Soviets participate in such a conference?

A. They have to prove that such a conference will bring peace. I don't think they can prove it.

Q. Will the national unity government survive until November 1988?

A. I think yes. Early elections will be very harmful to our economy, and people will not forgive that.

Peres, Shamir and Defense Minister Yitzhak Rabin. More distressing, at the moment Israelis see no visionaries, no David Ben-Gurions or Golda Meirs who might lead Israel out of its doldrums.

In the near future little is likely to change for the ruling coalition. Much to the government's distress, the political fallout from the Pollard spy case continues. Last week, with two Israeli probes into the controversy under way, investigators acknowledged that the country's senior leadership is under scrutiny. Said one official: "When the findings are published, it will be determined whether the rascals are guilty."

The political elite is nervous about the investigation. It is widely assumed that the conclusions will paint a grim portrait of the Israeli government. Shamir's associates are bracing for a verdict that will be a broad, stinging indictment of the recent tendency to delegate too much authority. But they do not anticipate any findings that will contradict Shamir's repeated contention that the Pollard affair was a "rogue" operation. "I don't think it will point a finger at the political leadership, but it will point to a very disorganized system that permitted this operation in the first place," says a Shamir aide. "It will point to a lack of upper-level control."

Ironically, the ruling coalition will probably shield Israel's top politicians from having to shoulder the blame.

Much as Shamir, Peres and Rabin have evaded responsibility and protected one another throughout the Shin Bet and Iran-contras scandals, so they are expected to maintain a united front of professed ignorance about the Pollard operation. "If we had one major party in power, you'd find a scapegoat. But here they all hang together because everybody's implicated," charges Shlomo Avineri, a former director general of the Israeli Foreign Ministry. "You can't scapegoat anyone. That would mean a breakup of the government."

Will the coalition government fall apart? That is a question very much on Israelis' minds, but few are willing to venture an answer. Despite the general discontent, polls show that Israelis do not want to go to the polls before the elections scheduled for November 1988. Surprisingly, for all the differences between the ruling parties, the power-sharing arrangement continues to be popular with Israeli voters. "The public is tired of ideological strife," says a former government official. "They know ideologies are stale and fossilized, so basically they feel there's no reason to change the government."

Another reason no one wants to bring down the coalition is the prospect that new elections will not change anything. Pollsters predict that the next election will result in another deadlock and another unity government. In short, Likud and Labor may be stuck with each other for a long time to come.

—By Jill Smolowe.
Reported by Robert Slater/Jerusalem

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Middle East: Time for Negotiations

BY JIMMY CARTER

The idea of an international peace conference to break the diplomatic logjam that has plagued the Middle East for years almost invariably arouses anger. Last week it led to an acrimonious dispute that thoroughly shook the 2½-year-old coalition government in Israel, with Prime Minister Yitzhak Shamir bitterly accusing Shimon Peres, his own Foreign Minister, of displaying a "peace-at-any-price" mentality for endorsing such a parley. Every

U.S. Administration since the mid-1970s has opposed the idea, largely because it would mean participation by the Soviet Union. Gerald Ford, Jimmy Carter and Ronald Reagan were all deeply worried that this would give the Kremlin an irresistible opportunity not only to disrupt the quest for peace but also to play a considerably larger role in the region, something that Moscow has long been seeking to do. Those remain valid and serious concerns.

But in the interest of stimulating discussion of Middle East diplomacy, which has been conspicuously neglected by the U.S. for the past several years, TIME presents the following piece by former President Jimmy Carter, in which he advocates that just such a conference be convened. Carter is fresh from a 16-day tour of the area and meetings with the leaders of five countries—Algeria, Egypt, Jordan and Syria, as well as Israel.

Although optimism might be too strong a word to use, a recent trip through the Middle East renewed my hope that another productive phase in the peace process might soon be possible. Since the founding of the state of Israel, almost 40 years ago, the nation's leaders have always expressed their willingness to negotiate directly with the leaders of any neighboring Arab state. But during the past few years there has been a series of frustrating disappointments, as the Egyptians, Jordanians and Palestinians attempted to orchestrate a reasonable plan to build upon the partial successes of the Camp David accords and the subsequently negotiated peace treaty between Egypt and Israel. With U.S. leaders now standing more aloof from the process than was the case during previous Administrations, no progress has been made. Recently, however, there have been clear moves toward a consensus among Israel's Arab neighbors, and favorable responses from some key government officials in Israel.

One of the primary goals of the Carter Center of Emory University in Atlanta is to explore every possibility for peace in the Middle East. The center sponsors conferences, personal visits and scholarly analyses of issues, and also offers representatives of the disputing parties the chance to meet in a nongovernmental and academic environment to discuss their differences in a constructive manner. My most recent visits with Middle East leaders were further steps in these continuing efforts.

My first stop, Algiers, presented a long-awaited opportunity to extend personal thanks to the only country whose leaders were permitted by the Iranians to serve as intermediaries between the U.S. and the Ayatullah Ruhollah Khomeini during the latter part of my term as President. Back then we were able, with the crucial assistance of the Algerians, to secure the release of the American hostages. President Chadli Bendjedid and his ministers now make every effort to nurture good relations among Arab nations, and especially with Iran and Iraq. They might very well be in a good position to act as mediators between those two warring nations when the fanatic commitment

of the Ayatullah to the bloody Persian Gulf war is ended.

In Egypt I found a surprising democratization of the country's political processes, with President Hosni Mubarak pressing forward with reforms; during my visit, his associates and the multiple opposition forces were also marshaling their strength for the April 6 elections. Egypt's news media have been given

unprecedented freedom, and in my wide-ranging discussions I found uniform concern about the nation's economic plight and strong and healthy public and private assessments of Mubarak's administration. Although one private opinion poll shows that more than 80% of the people approve the peace treaty with Israel, many Egyptians feel that without the restraints of this treaty the tragic Israeli invasions of Lebanon would have been much more unlikely. Despite this concern, there is almost unanimous commitment to the idea of an international peace conference to be sponsored by the United Nations and attended by the five permanent members of the U.N. Security Council and by all parties to the Middle East dispute. There are few issues that remain to be resolved between Egypt and Israel, and the Egyptians seem prepared to participate as much or as little as is necessary to ensure the success of such a conference. They were unanimously pleased with the recent visit of Israeli Foreign Minister Shimon Peres, assessing it

as a good indication that Israel might be ready to join in the proposed peace effort.

Although I was traveling as a private citizen, my discussions in Damascus with President Hafez Assad took on something of a semi-official nature because we have not had an American Ambassador in Syria since October. We covered a wide range of issues, some of them of a politically sensitive nature. Assad authorized me to state that he supported the concept of an international peace conference, that Syria would be pleased to attend and that it was clear that many outstanding questions would have to be negotiated in direct talks between Israel and the particular Arab nation involved. I found him to be adequately flexible concerning the format and possible procedures to be



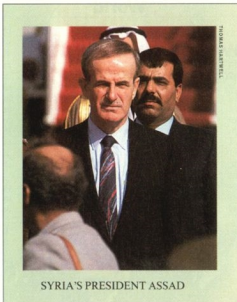
VISITING THE TOMB OF ANWAR SADAT

followed. This was quite a change from Assad's attitude during my previous discussions with him.

Embarrassed by revelations of terrorist acts originating in his own country, Assad has called for a select group of statesmen to define the difference between "terrorism" and "national liberation," and for members of the U.N. to agree on how to prevent or punish terrorist acts. Assad mentioned the American Revolution of two centuries ago, activities of Menachem Begin's Irgun organization in Palestine against the British, the Algerian revolution against France, and current attacks of the Amal against Israeli soldiers in Southern Lebanon as examples of "national liberation." He stated that the hijacking of a commercial airplane, the taking of any civilian hostages or deliberate acts of violence against noncombatants might be defined as terrorism and should be punished accordingly. With the eyes of the world focused on Syria, it seems possible that a tight rein will be kept on those Palestinians and Iranians in the country who might desire to commit acts of terrorism in the near future.

Both Assad and Mubarak seem willing to permit King Hussein to be the primary spokesman in arranging for the prospective international peace conference. I found the Jordanians to be eager to commence this effort, carefully juggling their complicated relationships with the Palestine Liberation Organization, Palestinians in the West Bank and Gaza Strip, other Arab leaders, the U.S. and Israel. Having been the prime mover in efforts to resume the peace effort for the past five years, Hussein has been wounded by deep cuts in badly needed economic aid from Washington and by the refusal of the U.S. Congress to approve justifiable military requests for the defense of Jordanian territory. He pointed out that the U.S. had been more generous in recent weapons sales to the Ayatullah Khomeini than to him. So far, the Jordanians have rejected attractive arms-sale offers from Moscow, realizing that with advanced weapons would come a number of Soviet military "advisers."

During extensive meetings with a number of Palestinian leaders from Israel, the West Bank and Gaza, I found them to be deeply embittered about the lack of progress in redressing their grievances, and concerned about increasing militancy among their young people. College-age students, never having known anything other than life under military occupation, now find their universities closed at least half the time because of demonstrations against Israeli troops. Their enforced idleness brings on more militant acts, creating a never-ending vicious cycle. The Palestinians discount King Hussein's efforts to improve their living conditions as doomed to failure because of inadequate funding and Israeli impediments. They are disillusioned with their leaders both within and outside the occupied territories, but even in private conversations they express overwhelming support for the P.L.O. leadership as their only legitimate spokesmen. Palestinians fear that some Arabs and some Israelis might



SYRIA'S PRESIDENT ASSAD

of the world focused on them, it is possible that the presentations would be less vituperative and more constructive than in a forum like the U.N. General Assembly. Direct talks to resolve specific differences would be necessary, and mutually acceptable mediators would be helpful in each of these bilateral negotiations. Deadlocks could be referred to the plenum group under pre-arranged conditions for further discussion, but in no case could this group of other nations impose its collective will on any of the directly involved parties. From 1973 until Sadat's dramatic visit to Jerusalem in 1977, it was presumed that the U.S. and the Soviet Union would be co-chairmen of an international peace conference. Now, as one of the five permanent members of the Security Council, the Soviet Union would play a similar but lesser role.

There would be other major roles for the larger group to play. Substantial funding will be necessary to implement some of the agreements that might be forthcoming, and the international community would have to make these pledges. Also, guarantees of compliance with negotiated agreements might be given by the permanent members of the U.N. Security Council, though not perhaps by the U.N. itself.

There is not yet any real basis for optimism, but as stated before there are some reasons for hope. Although the Camp David process has been much maligned by those who were not participants, the Arabs at least have seen in the Egyptian-Israeli peace treaty that it is possible to negotiate successfully with Israel and to conclude an agreement that can bring peace and other substantial benefits to both nations. More importantly, among all nations and groups the people want peace, despite their leaders' difficulty in taking the next necessary steps. With a carefully orchestrated peace initiative and with some of the boldness and political courage exhibited by Anwar Sadat and Menachem Begin more than eight years ago, today's leaders can still be successful in bringing an end to the bloodshed and injustices that have for too long afflicted the people of the Holy Land. ■



JORDAN'S KING HUSSEIN

World

CZECHOSLOVAKIA

Smiling Mike Wows 'Em in Prague

19 years after the tanks, Gorbachev comes calling

The crowds in Prague last week could have been greeting a rock star or a movie idol. "I can see him! I can see him! He has on a hat!" cried one woman. "We're all his supporters. I was so close, I could look at him eye to eye." Swooned another: "My heart was thumping!" The object of their affection, though, was not the U2 band or Television Star Harry Hamlin. It was none other than Soviet Leader Mikhail Gorbachev, who was making his first official visit to Czechoslovakia.

The ironies of the trip were lost on few visitors. Nearly two decades ago, in August 1968, Soviet tanks rolled into Prague to topple the reform government of Alexander Dubček, who had launched a series of popular political and economic reforms that became known as "socialism with a human face." Now Gorbachev was in town talking about his reforms, which had more than a passing resemblance to the Czechoslovaks' own experiments of 1968.

Unlike so many East bloc visits, when local Communist officials seem to rely on the local Rent-a-Crowd to provide an adoring audience, many of the Czechoslovaks appeared to have turned out spontaneously. Some in the crowds said they hoped Gorbachev's reforms would soon reach them. On the first day, some 5,000 people packed the cobblestone streets in front of Hradčany Castle overlooking the Old Town of Prague to greet the fedora-wearing Soviet leader and his wife Raisa. Similarly warm groups met them as they dashed through a hectic schedule—talks with officials, visits to the opera and a Soviet war memorial, and campaign-like walkabouts featuring handshaking, chatting and baby kissing. After two days in Prague, Gorbachev went on to Bratislava, Czechoslovakia's second largest city and the capital of Slovakia.

Those who probably took the dimmest view of the trip were Czechoslovakia's Communist Party officials. Under their heavy hands, the Prague Spring of 1968 quickly gave way to sullen winter as the country became one of the most rigidly orthodox in the East bloc. Party Leader Gustáv Husák, 74, installed by former Soviet Leader Leonid Brezhnev as Dubček's replacement, has symbolized the backward-looking government's unimaginative fate.

In public, of course, Husák had effusive praise last week for Gorbachev's policies, and promised his "full support" for

the Soviet leader's "bold ideas, profound reforms and resolute deeds." But behind closed doors the Gorbachev policies have been causing serious troubles within the Czechoslovak party. In fact, there were rumors that Gorbachev's visit was delayed for three days because local leaders could not agree on their own policy toward reform. Last February a Soviet delegation led by Foreign Minister Eduard Shevardnadze visited Prague to try to



Star power: hands reach out to touch the visiting Soviet leader
Local officials did not need a Rent-a-Crowd audience.

smooth over the differences. The Czechoslovak party has been split between hardliners led by chief Party Ideologue and Presidium Member Vasil Bilak, who favors only very limited reforms, and the more pragmatic Premier Lubomír Štrougal, who advocates broader changes.

Not until last month did Husák finally concede in an address to the party Central Committee that the leadership must consider moves toward greater internal democracy, such as secret party elections. Cautiously using words that had been taboo in Prague's political lexicon for 19 years, Husák spoke of the need "for new economic and social mechanisms or, if you like, reforms." He noted that developments in the Soviet Union were "drawing an extraordinary response in the whole Czechoslovak party and people."

Before Gorbachev's arrival, there had

been speculation that the Soviet leader would use the visit as an occasion to announce the withdrawal of some of the 80,000 Soviet troops in the country. Gorbachev, however, said nothing about pulling out any of the five divisions Moscow has stationed there since 1968. Instead, in an hourlong talk to Czechoslovak Communist Party and government leaders in Prague's modernistic Palace of Culture, he said the Soviet Union was willing to discuss the reduction of short-range nuclear weapons in Europe.

A month ago Gorbachev announced that the Soviet Union was ready to make an agreement to eliminate medium-range nuclear missiles from Europe.

Because the Soviets have a vast superiority in short-range weapons, which are sited in East Germany and Czechoslovakia and can hit targets over distances of up to 600 miles, the initial West European reaction to the Soviet statement was decidedly cool. Last week Gorbachev said Moscow was also ready to discuss a cutback in short-range weapons. The offer was obviously made in preparation for this week's visit to Moscow by U.S. Secretary of State George Shultz, and President Reagan later praised the Soviets' "new seriousness" on arms control.

During his Prague speech, Gorbachev strongly criticized the past performance of the Soviet economy and made a strong pitch for his liberalization program. What was needed, he said, was not "small repairs" but a "radical reconstruction." Said Gorbachev: "The phenomenon of stagnation and the problems of the '70s cannot be tolerated anymore."

While standing alongside Husák last week, Gorbachev neatly illustrated the generational and political problems that face all the Soviet satellites in Eastern Europe.

Gorbachev can blame his predecessors, especially Brezhnev, for economic stagnation and the resulting political and social ills because, except for a brief period, Gorbachev was not part of the inner circle responsible for the mess. The older Husák, who was installed by Brezhnev largely to put down changes much like those Gorbachev is promoting, does not have that option. If Husák denounces the bad old days and encourages reforms within his country, he will in effect be denouncing himself and the policies he has followed for years. The same is true of other East European leaders, all of whom owe their positions to Moscow. The reforms that Gorbachev is introducing in the Soviet Union thus may yet have their greatest and most dangerous resonance in Eastern Europe.

—By Wayne Svoboda.

Reported by John Kahan/Prague



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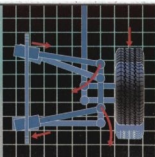
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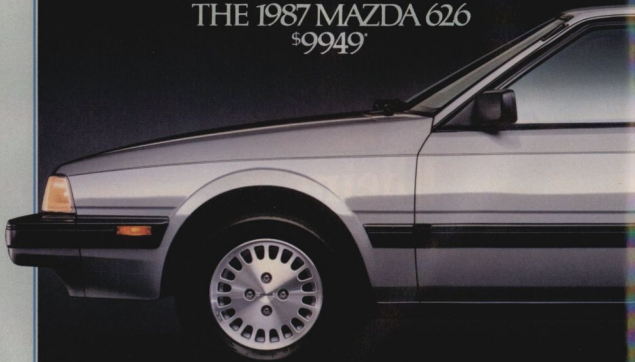
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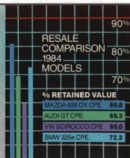
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World

GUATEMALA

Giving Democracy a Chance

While the generals watch, a civilian President moves gingerly

Even by the brutal standards of Central American politics, Guatemala's reputation for murderous repression is chilling. Since a U.S.-backed coup in 1954, more than 100,000 civilians have been slaughtered by right-wing death squads and left-wing guerrillas, or have disappeared. As many as 250,000 people are believed to have fled the country, some 40,000 of them to neighboring Mexico. Thus, when Mexican President Miguel de la Madrid Hurtado last week praised Guatemala's democratic principles during his first state visit to that country, he was acknowledging an important change in the land that was once the jewel of the Mayan empire.

Much of the credit for Guatemala's democratic revival goes to President Vinicio Cerezo Arévalo, 44. Since taking office in January 1986 as only the second civilian leader in 30 years, Cerezo has walked a delicate line of placating the military, which wields ultimate power, and nurturing the country's democratic seedlings. A lawyer by training, Cerezo has shown a skilled hand in dealing with Guatemala's domestic problems. Last week, at the door of the national palace, he confronted relatives of some of the thousands of people who are missing and presumed to have been killed in political violence, often by the army. In a suave four-minute speech, the President vowed to investigate the disappearances but wisely avoided any promises to prosecute military officers responsible for the terror.

Cerezo in recent months has also be-



Cerezo with Defense Minister Hector Gramajo

Luck and timing have been allies up to now.

come a prime mover in Central American efforts to find a negotiated settlement to the war in Nicaragua. Two days before De la Madrid arrived, President José Napoleón Duarte of El Salvador slipped unannounced into Santo Tomás, some 30 miles south of the capital, where Cerezo has a country retreat. The Duarte visit, which no doubt included discussion of the region's problems, was part of Cerezo's intricate diplomatic skein. Last month Cerezo met with President Daniel Ortega Saavedra in Nicaragua. The Sandinista leader reiterated his refusal to negotiate with the U.S.-backed *contras*, but the two agreed to keep talking. Cerezo's

critics believe his attempt to be an honest broker in the Nicaraguan conflict has jeopardized Guatemala's ties to the U.S. This year American military aid was slashed to \$2.4 million, less than half the 1986 level. While Guatemalans suspect that the reduction is Washington's way of showing its displeasure, U.S. officials deny that. Congressional sources say the decrease was merely the result of Gramm-Rudman budget cutting. Next month Cerezo will travel to Washington to meet with President Reagan.

Cerezo's biggest test as a diplomat will come at the end of June, when he is scheduled to play host to a summit meeting of five Central American countries in the Guatemalan border town of Esquipulas. The meeting will discuss a ten-point peace plan unveiled in February by Costa Rican President Oscar Arias Sánchez. Some U.S. and Central American officials think that the Arias plan, which would require all Central American governments to negotiate with opposition groups and hold democratic elections, could be the basis for a diplomatic breakthrough in the Nicaraguan conflict. The Sandinistas are likely to oppose the Arias proposal, but Cerezo still pushes ahead, staking his hard-won prestige on the summit. Says Vice Foreign Minister José Luis Chea: "Vinicio has a good sense of timing. He believes that so long as we keep talking, there is a chance for peace."

So far Cerezo, who has already survived two reported coup attempts, has had timing and luck on his side. If he is to serve his full term until 1991 and promote a peaceful settlement in Nicaragua, he will need lots more of both. —By John Moody/
Guatemala City

All in the Family

Every family has its little secrets, and the British royal family seems to have at least its share. Last week the *Sun* newspaper of London disclosed that two first cousins of Queen Elizabeth's, who were listed as having died long ago in *Burke's Peerage*, a leading directory of the British aristocracy, actually spent decades as patients in a Surrey mental hospital; one still survives there. Nerissa and Katherine Bowes-Lyon, two of the five children of the Queen Mother's brother John, and both severely retarded, were admitted to the Royal Earlswood hospital in 1941. Though *Burke's* lists the two women as having died in 1940 and 1961, respectively, Nerissa died only last year, at the age of 67, and Katherine, 60, lives in a seven-bed ward at the hospital.

Was the condition of the royal cousins hushed up? If so, it may have been the work of a former Countess of Strathmore, a paternal aunt, who periodically updated the family's entry in *Burke's*. Buckingham Palace remained tight-lipped on the matter. But Elizabeth Norman, head of the hospital's auxiliary, said she wrote to the Queen Mother about her nieces in 1982 and received a reply. In it, said Norman, the Queen Mum expressed surprise at the news that the two were still alive, and sent money to buy them gifts.



Behind closed doors: the Royal Earlswood mental hospital

Gateway to the Gulag

Magadan is rich in gold but short on memory of its past

Magadan. It is a name that turns Soviet hearts to ice and evokes memories of the long ago midnight knock on the door. The port of entry to the most deadly archipelago of the Gulag system, it became a synonym for the terror Joseph Stalin visited upon the land. At least 2 million prisoners were worked to death in its gold mines and timber forests and on its road projects. Since then, with few exceptions, the city of Magadan and the vast region around it have been closed to foreigners. When the Soviets permitted a small group to visit Magadan, TIME Moscow Bureau Chief James O. Jackson was among them. His report:

gold-rich bed of the Kolyma River.

Today it is difficult to imagine the bones, the icy graves, the miseries and horrors that took place in Stalin's Magadan. Whatever it was in 1937, Magadan in 1987 is a very different place. The region's 552,000 residents are better housed, better fed, better clothed and better paid than most other Soviet citizens. The majority of them came as young volunteers in search of adventure. Many stayed for the challenge and high pay of the Arctic frontier: salaries run around 500 rubles (\$750) a month, nearly triple the national average. "Like many of my friends, I

important of those, by far, is gold. Magadan is thought to contain the major part of the Soviet Union's vast gold reserves, although Magadanians are extremely open in discussing the subject. Nikolai Selyutin, director of the Karamken gold mine, artfully dodged all questions.

How much gold does it produce per week? "Enough."

How many miners work there? "Enough to be profitable."

How much gold is extracted per ton of ore? "Enough."

Where is it processed? "In the central part of the country."

Where exactly? "At certain places." The view from the air in winter evokes an old prisoner song: "Kolyma, wonderful planet! Twelve months winter, the rest summer." While that may not be literally true, the brief subarctic summer can be worse than the winter. When it arrives in July, thawed swamps release swarms of hungry arctic mosquitoes and tiny black biting flies that together make life miserable.

"August is the best time of year," said Oleg Kievsky, 50, an engineer at the Bilibino nuclear power station, the most northerly power reactor in the world. "The frosts of August kill the mosquitoes, but the weather is still beautiful. Everybody goes out camping, and we spend our days picking berries or mushrooms for the winter."

During the 1930s the only way to reach Magadan was by ship from Khabarovsk, which created an island psychology and the term Gulag archipelago. The prison ships were crowded hellholes in which thousands died. One survivor's memoir recounts that the prison ship *Dzhurma* was caught in the autumn ice in 1933 while trying to get to the mouth of the Kolyma River. When it reached port the following spring, it carried only crew and guards. All 12,000 prisoners were missing, left dead on the ice.

Magadanians today seldom speak of their dark history. "I didn't live here then," snapped Party Leader Bogdanov when asked about the camps in Magadan. "That page of history is closed. There is no need to talk constantly about it."

Others were more forthcoming. "It is our tragedy, our pain," said Valentin Avdeyev, director of a power dam on the Kolyma River in the heart of the area where most of the camps were situated. "Newcomers always ask about them. There are none left, but we know where they were. When we are driving past, we point and say, 'There was a camp here.'"

Younger Magadanians seem more interested in their present and future careers than the area's sordid past. "That was a sad time, and we feel shame for it," said Galina Fedchenko, a reporter for the regional newspaper *Magadanskaya Pravda*. "But we don't talk about it very much. It's far in the past." She paused, and added with perhaps more confidence than justified by history, "We know it can never happen again."

—By James O. Jackson/Magadan



Port of entry: during Stalin's reign of terror, the only way to reach the camps was by sea. When one vessel docked, it carried only crew and guards. All 12,000 prisoners had died.

They say the camps are gone, swallowed up by time, destalinization and the cultural amnesia of a history still unwritten. There are no longer any huts, gates, guard towers, or shuffling columns of prisoners on their way to another day of killing slave labor. There are no memorials, no cemeteries dedicated to Stalin's victims. Some of the camp names that dot the pages of prisoner memoirs are ordinary towns now: Shturmovoy, Elgen, Yagodnoye, Mylga, Magadan itself. "When you go to Magadan and stand upon the Kolyma highway," a Muscovite advised, "you must look down at the earth beneath your feet and think of all the bones buried there."

If the bones are there, it is only in the figurative sense. Survivors of the highway construction said the dead could not be buried in the permanently frozen earth and were dumped instead in riverside snowbanks. Their corpses were washed away with the spring runoff and finally came to rest on the

came out here in 1953 at the bidding of the Komsomol [Young Communist League] and also at the urging of my heart," said Alexander Bogdanov, 56, first secretary of the regional Communist Party. "We thought we would work here for three or four years. But as it turned out, we stayed on and on."

Bogdanov rules over the coldest, richest, most remote region of the Soviet Union. It is an area nearly twice the size of Texas, tucked into the farthest corner of the Soviet Far East, between the Sea of Okhotsk and the Bering Straits. Temperatures in some parts of the region fall to -95° F in winter, and even in late March the central Kolyma basin recorded -35° F on a crystal-clear day.

Despite the cold, Soviets are drawn to the area by the riches. "We have all the elements of the periodic table, and we have them in industrial quantities," declared German Pavlov, curator of the Magadan geological museum. The most

World Notes



Rolling to another win: Mubarak on the stump



Herald of doom: the ill-fated ship rises



Alone together: Kim Dae Jung and Kim Young Sam

NUCLEAR WEAPONS

Tales of Two Secret Pacts

The disclosure of two alleged secret nuclear-arms agreements threatened to complicate U.S. defense arrangements on the Pacific Rim last week. In Japan, the Communist Party charged that it had found proof in the Library of Congress of a secret Washington-Tokyo accord. The Communists produced a photocopy of a 1966 State Department telegram to the U.S. embassy in Tokyo referring to a "confidential 1960 agreement [that] affords U.S. right to seek [Japanese] consent to introduction of nuclear weapons into Japan."

State Department officials acknowledged the authenticity of the telegram, but said it merely referred to the 1960 U.S.-Japan mutual security treaty. Why, then, the reference to a "confidential" document? "Imprecise" wording, a State spokesman said.

In New Zealand, meanwhile, Labor Party Prime Minister David Lange said he had agreed to let U.S. military aircraft land at the Christchurch air base on South Island. The arrangement, which Lange revealed last week under pressure in parliament, seems to make a mockery of his opposition to nuclear-armed ships docking in New Zealand ports. Lange's stand on that issue in 1985 effectively destroyed the

ANZUS mutual defense treaty between the U.S., New Zealand and Australia.

EGYPT

Victory Now, Victory Later

In an exercise of political freedom virtually unknown among their Arab neighbors, 7 million Egyptians went to the polls last week to elect 448 members to the national parliament. More than 3,600 candidates from six political parties vied for seats in the People's Assembly in the country's most serious campaign ever. As expected, President Hosni Mubarak's ruling National Democratic Party maintained its overwhelming majority in the legislature by winning 75% of the vote, thus virtually ensuring Mubarak a second six-year term when the Assembly nominates a President in October. An Islamic fundamentalist alliance of three parties, including the banned Muslim Brotherhood, polled 15% and replaced the right-wing New Wafd Party as the main opposition group.

DISASTERS

The Ferry's Grim Toll Rises

Inch by inch, the half-submerged wreck of the *Herald of Free Enterprise* rose out of the

icy gray-green North Sea off Zeebrugge, Belgium. It had taken less than a minute for the ferry to keel over and partly sink on March 6, trapping passengers and crew inside. Last week it took 8½ hours for nearly 100 salvage workers using powerful machinery to right the ship.

Inside, divers found that the original death toll of 134 was sadly understated. Crews discovered more than 110 bodies in addition to the 61 recovered on the night of the disaster, and authorities said the final total could approach 200. Divers found one young couple locked in a final embrace, and the body of a child of about eleven still clutching her doll.

SOUTH KOREA

Opposition In Disarray

The worst enemy facing South Korea's squabbling opposition, the New Korea Democratic Party, is often itself. Last week the party's two best-known leaders, Kim Dae Jung and Kim Young Sam, broke away and formed a new group, the United Democratic Party, to protest the views of New Korea Party President Lee Min Woo.

The two Kims and Lee split over election procedures for selecting a successor to Strongman President Chun Doo Hwan, who has said he will step down in ten months.

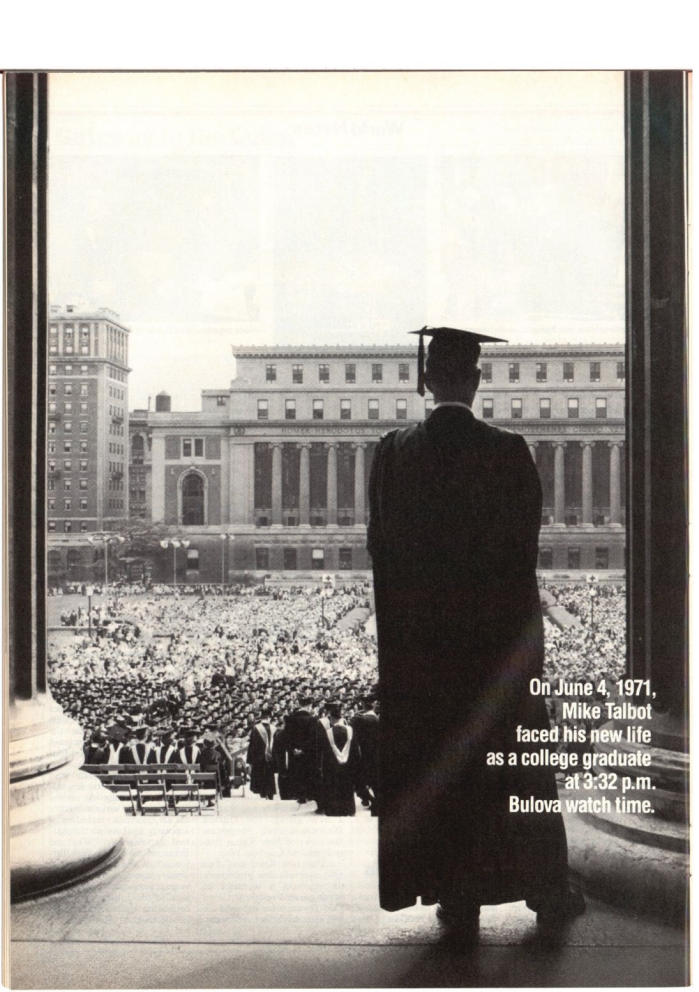
The Kims prefer an American-style presidential election and accuse Lee of being sympathetic to the government's proposal for an indirect parliamentary vote, which could favor a candidate from Chun's ruling Democratic Justice Party. Yet the real winner of the squabble will be Chun, who once again will be dealing with feuding factions.

CHINA

Adventures in The Skin Trade

Publishers from Hearst to Hefner have used the maxim "Sex sells" to highly profitable advantage. Businessmen in southern China were following that capitalist road until last week, when Communist Party officials in Guangxi province shut down 39 popular magazines and journals. It was the biggest press crackdown since the campaign against "bourgeois liberalism" was launched four months ago.

Most of the widely read magazines focused on sex, adventure or kung fu. Some claimed to be serious literary or art journals, including a scholarly legal review that carried articles like "Why the Breast of a Woman Was Tattooed." While some Chinese writers agree that the more vulgar periodicals should be weeded out, they are concerned that the crackdown may herald tougher censorship.



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Economy & Business



The beleaguered firm's crisis-team meeting in Houston last week: from left, Gayle, Brennan, Kinnear, Boies (standing) and DeCrane

Texaco's Star Falls

Facing a \$10 billion penalty, the oil company chooses bankruptcy

Never have the stakes in a corporate battle been higher. After losing a crucial decision in the U.S. Supreme Court last week, Texaco faced the disastrous prospect of having to post a \$10 billion bond in its epic legal fight with Pennzoil. As its stock plummeted and its credit began to dry up, the company was thrown into a financial crisis. Over the weekend, Texaco's board of directors gathered for an emergency meeting at the firm's White Plains, N.Y., headquarters. Following a marathon discussion, the directors chose a stunning course: the eighth largest U.S. industrial corporation (1986 sales: \$32.6 billion) and the third-ranking oil firm filed for Chapter 11 protection on Sunday. Texaco suddenly became the biggest company in American history to go into bankruptcy.

Texaco made that dismal choice only after frantic, repeated efforts to reach a settlement with Pennzoil produced no results. Within hours following the Supreme Court's ruling, Texaco Chairman Alfred DeCrane, 55, and Chief Executive James Kinnear, 59, flew with a battery of lawyers from White Plains to Pennzoil's home city of Houston. But Pennzoil's combative chairman, J. Hugh Liedtke, 65, who has stayed on past retirement age to fight the case, steadfastly refused at least

ten settlement offers from Texaco. At the start of the talks, Texaco apparently had a figure of \$500 million in mind, but Pennzoil was believed to have held out for at least \$3 billion.

The dispute had taken on historic proportions in November 1985, when a Texas jury issued a \$10.5 billion judgment against Texaco for inducing Getty Oil to break a merger agreement with Pennzoil. After more than 17 months of intricate legal maneuvers, the battle came down to a test of strength and nerve between resolute executives at two powerful corporations. In the end, neither side was willing to move far enough from its initial negotiating stance to reach an agreement.

Texaco left itself an escape hatch. Officials said that if a settlement was reached soon or a large reduction of the bond granted, then the company could withdraw or suspend the bankruptcy filing. In other words, Texaco could be using its bankruptcy as the ultimate pressure tactic against Pennzoil. Liedtke flew to New York City on Sunday.

Under Chapter 11 of the federal bankruptcy law, Texaco will be allowed to continue normal business operations. Its cash flow could actually improve because it will still receive sales revenue and yet be afforded relief from interest pay-

ments on its \$9.1 billion in debts. But it could also lose a great deal of business because of uncertainty surrounding the Pennzoil case. Many of the jobs held by the company's 52,000 employees could be threatened. Moreover, Texaco will be under the strict supervision of a federal court. It will, for example, be forbidden to buy major oil reserves or other substantial assets without the approval of Texaco's creditors, or failing that, of the judge. Such restraints could hamstring the planning and undermine the future of a once mighty corporation.

The bankruptcy filing is a supreme irony since Texaco would be in robust financial health if it had never tangled with Pennzoil. In the U.S. alone, Texaco has 1.7 billion bbl. of oil reserves, worth \$9.6 billion, and 5.1 trillion cu. ft. of natural gas with a value of \$3.1 billion. Before last week, Wall Street analysts had projected Texaco's profits to be more than \$650 million for this year and nearly \$790 million in 1988.

With Texaco in Chapter 11, Pennzoil could be a loser as well. Instead of having a priority claim to Texaco's riches, the smaller company will have to get in line with all the other creditors of the bankrupt firm. Any payment to Pennzoil will not only be delayed, but might be far less than \$10 billion.

When the Texas jury first pronounced the verdict against Texaco, the sum was so enormous that it seemed absurd. The award appeared certain to be reduced drastically on appeal. Almost no one believed that Pennzoil, the 200th largest U.S. industrial corporation (1986 sales: \$1.78 billion) and the 20th biggest oil company, would be allowed to topple a titan about 18 times its size. But Texaco soon learned that it was dangerously vulnerable to an unusual provision of Texas law. In this case, it required Texaco to post a bond for roughly the full amount of the judgment while the company pursued appeals.

To avoid an immediate crisis, Texaco's lawyers quickly sought relief in a federal court in White Plains, N.Y. The judge ruled in January 1986 that Texaco's bond must be reduced to a more reasonable \$1 billion. That gave the company some breathing space to file appeals, and the scene of battle returned to Houston, where much of the public was rooting for the hometown company against New York-based Texaco. Pennzoil Attorney Joseph Jamail was already becoming a folk hero there for jousting with the giant firm.

Last February a Texas appeals court reduced the penalty against Texaco—but only to \$8.5 billion. By that time the addition of 15 months' worth of interest and court costs to the \$8.5 billion meant that Texaco still owed \$10.2 billion. Under a court order, Texaco has been paying \$2.5 million a day, \$104,000 an hour, \$1,736 a minute into an escrow account to cover interest on the judgment.

Last week's drama started unfolding early Monday in Washington, where the Supreme Court ruled 9 to 0 that the feder-

al judge had acted improperly in reducing the size of Texaco's bond. The Justices said that the amount of the bond was a matter for the Texas courts to decide. For Texaco, a stable situation had suddenly become a crisis.

Texaco's DeCrane immediately called a press conference in White Plains to say that unless the company got new legal relief from having to post a \$10 billion bond, it might be forced into bankruptcy

maintain new minimum balances in its accounts before the bank would transfer funds to satisfy commercial obligations. Worse, Manufacturers Hanover Trust had canceled a \$750 million line of credit.

At the same time, some of Texaco's suppliers were refusing to do business, or setting tougher terms. According to the Texaco affidavit, Venezuela's state-owned oil companies had at least temporarily stopped pumping oil for Texaco.

(Venezuela denies that it has cut Texaco off.) Southern California Edison started requiring Texaco, its largest customer, to pay its electric bill every week.

As the walls seemed to be closing in on their firm, Texaco's DeCrane and Kinnear, along with Lead Attorney Boies and a legion of advisers and secretaries, arrived in Houston on Monday night for their confrontation with Pennzoil. They settled into Lamar Towers, a posh condominium development. On Tuesday afternoon at 1, Liedtke arrived with his corporate and legal staff, including former Pennzoil President Baine Kerr and Lead Attorney Jamail.

Kinnear brought out a typewritten note that outlined what Texaco would be willing to put up for a bond while the case remained on appeal. After two hours of discussion, Liedtke declined the offer. The sides agreed to meet again the following afternoon in a Houston condominium owned by Pennzoil.

That next meeting was limited to Kinnear, DeCrane, Liedtke and Kerr. Kinnear arrived with a new proposal in hand to resolve the bond question. As the four men argued the matter over coffee and soft drinks, they began to discuss the possibility of a comprehensive settlement that would end the legal battle altogether.



A tanker pulls out of the firm's Delaware refinery at dawn

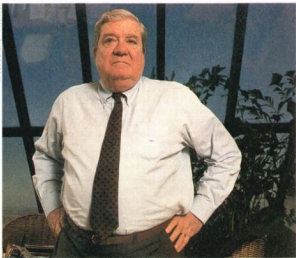
Credit was drying up, and the company's suppliers were beginning to balk.

proceedings. The company's legal team, led by David Boies of Manhattan-based Cravath, Swaine & Moore, obtained a temporary restraining order in Texas that barred Pennzoil from making any moves to seize Texaco's assets. Meanwhile, Kinnear called Pennzoil's Liedtke and asked for a face-to-face meeting in Houston. Liedtke agreed.

Kinnear knew that many of Texaco's creditors and suppliers were getting jumpy and that the Supreme Court decision might cause the whole situation to spiral out of control. In an affidavit filed in a Texas appeals court, Texaco outlined in detail the pressures it was under. Chase Manhattan had demanded that Texaco



Pennzoil Attorney Jamail's courtroom wins have made him a folk hero



Chairman Liedtke did not want to retire while the case was going on

Economy & Business



In 1907, six years after Cullinan found black gold, oil is carted from an El Paso plant

From Spindletop to Saudi Arabia

In the 1950s, at the peak of its financial might, Texaco was the most profitable oil company in the U.S. and one of the best known. Millions of Americans watched the *Texaco Star Theater* television show, featuring Milton Berle, and a decade later any child could sing the jingle "You can trust your car to the man who wears the star." With exploration, refining and retail operations from Abilene to Aberdeen, the company has generated huge wealth and no small amount of controversy in its 86-year history.

Texaco grew from one great gusher. In 1901 Joseph Cullinan, a former Standard Oil employee, found black gold on Spindletop Hill, near Beaumont, Texas. The next year he formed the Texas Co., and by 1928 it was operating in all 48 states. Texaco ventured overseas in 1936, when it teamed up with Standard Oil of California to market Middle Eastern oil. It also bought an interest in California Arabian Standard Oil, which held a major concession in Saudi Arabia. That company later became Aramco, a consortium that joined Saudi Arabia and American producers.

In 1940 Texaco's reputation was tarnished when its chairman was forced to resign after a company representative in Germany was found to be a Nazi spy who had obtained a valuable report on the U.S. aircraft industry prepared by Texaco economists. That same year Texaco sponsored a German lawyer who, while on a purported business mission to the U.S., was actually cultivating goodwill toward the Nazis.

Over the next two decades Texaco steadily developed its vast petroleum reserves and sold more gasoline than any of its rivals. But the world changed for the company when the Organization of Petroleum Exporting Countries jacked up the price of oil in the 1970s. In 1979 Texaco and other U.S. producers were accused of overcharging for their crude. Throughout the decade, many of Texaco's vast but maturing oil reserves began to dwindle. At the same time, consumption of gasoline leveled off and Texaco's network of filling stations became something of a burden. Many were eventually folded. As a result, Texaco's industry lead faded. By 1977 it had dropped to its current No. 3 spot, behind Exxon and Mobil. In recent years Texaco has struggled to boost profits in the face of depressed energy prices.

Texaco is today seen as arrogant in its dealings with competitors, suppliers and its own station operators, some of whom have secretly enjoyed its discomfort in the Pennzoil crisis. The company's chairmen have been known for making their own decisions. James Kinneer, who has been chief executive for less than four months, may adopt a more democratic management style. But Texaco could have already paid a steep price for its autocratic tradition. It was one man—John McKinley, Kinneer's predecessor—who decided in 1984 to buy Getty Oil. At best, he had a good idea that was poorly executed. In any case his decision set in motion the chain of events that would drive Texaco to bankruptcy court.

according to sources close to Texaco. After the meeting broke up, Kinneer sent another proposal to Liedtke. His response: No deal. In the meantime, Jamail was telling the press that no discussions about a final settlement were being held. Texaco accused Jamail of making misleading statements about the talks, perhaps to spook Texaco's creditors and put a squeeze on the company.

The negotiations continued through Thursday. Between meetings with Pennzoil, DeCrane and Kinneer were huddling with their team of advisers, including Boies, Investment Banker Donald Brennan of Morgan Stanley, and Gibson Gayle, a lawyer with the Houston firm of Fulbright & Jaworski. Several members of Texaco's board of directors hastily flew to Houston, among them Robert Beck, former chairman of Prudential Insurance, and Frank Cary, former IBM chairman. Other directors, including Thomas Murphy, chairman of Capital Cities/ABC, went to Texaco's White Plains headquarters to join the talks via conference calls. All week long board members debated whether or not the company should file for Chapter 11. Some directors feared that creditors might force Texaco into involuntary bankruptcy.

A source close to the negotiations said that by Thursday night Texaco had presented Pennzoil with four proposals regarding the bond dispute and five possible final settlements. "Pennzoil rejected each offer," he recalled. "But they refused to make any counteroffers." Pennzoil's attorneys argued that Texaco's offers were all similar and grossly inadequate.

Liedtke and Kinneer talked twice by phone on Friday. Kinneer sent over one last proposal, and Liedtke rejected it. That evening Kinneer and DeCrane gave up and flew back to New York. Texaco's lawyers then filed an affidavit with the Texas appeals court in which the company swore that it could not afford to put up more than \$500 million in additional assets for a bond. The maneuver seemed designed to put extra pressure on Pennzoil to accept a settlement. In response, Pennzoil proposed to the court that Texaco could set aside assets worth about \$5 billion for a bond without being forced into Chapter 11. Said Pennzoil Attorney Irvin Terrell: "Everyone has a constitutional right to file for bankruptcy, but it would be absolutely irresponsible for them to do so."

Now that Texaco has chosen that route, its battle with Pennzoil will go on. Under the protection and supervision of a bankruptcy judge, Texaco will undoubtedly keep fighting the most gargantuan legal judgment in history. If it exhausts all appeals in the Texas courts, the company's survival could once again wind up in the hands of the nine Justices of the U.S. Supreme Court.

—By Janice Castro.
Reported by B. Russell Leavitt/Atlanta and Thomas McCarroll/New York

The Dollar Gets No Respect

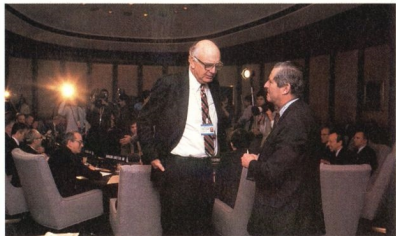
Global financial woes deepen

When finance ministers and central bankers from as many as 151 nations converged on Washington last week for a meeting of the World Bank and the International Monetary Fund, they had plenty to talk—and fret—about. The U.S. and Japan seemed perilously close to a trade war. The value of the American dollar was nose-diving to new lows against the yen. And the Latin-American debt crisis was flaring up all over again. In short, the world economy was showing distinct signs of stress.

On the day before the formal meeting, delegates from the Group of Seven major industrial nations—the U.S., Japan, West Germany, France, Britain, Italy and Canada—huddled behind closed doors at the U.S. Treasury to discuss the uncertain situation. At their gathering, Federal Re-

The dollar's continuing plunge created turmoil in U.S. financial markets. As fears mounted that the greenback's weakness would boost inflation, bond prices dropped and interest rates climbed. The rate on 30-year Treasury bonds, for example, reached a 14-month high of 8.18%. The Dow Jones average of 30 industrial stocks closed at 2338.78, down 51.56 points for the week.

The gyrations in the currency markets arose in part from concern about trade tensions between the U.S. and Japan. This week the Reagan Administration is scheduled to slap 100% tariffs on \$300 million worth of Japanese goods in retaliation for Japan's failure to live up to a semiconductor trade agreement. At the Washington G-7 session, Japan tried to ease the conflict by unveiling a \$34 billion program to stimulate its economy through public works. The spending is intended in part to boost Japanese imports of foreign goods. Although similar programs had done nothing in the past to reduce the country's trade surplus, U.S. officials were hopeful that Tokyo was serious this time.



Volcker confers with Robin Leigh-Pemberton, governor of the Bank of England, at the IMF session
The Fed chairman warned against "further sizable depreciation" of the currency.

serve Chairman Paul Volcker undoubtedly emphasized the same understated point he had made to a Senate committee earlier in the week, when he said, "Further sizable depreciation of the dollar could well be counterproductive." The ministers emerged wearily after nightfall with a three-paragraph statement. Its thrust was a reaffirmation of a declaration made by virtually the same group last February in Paris that the dollar's value should remain "around current levels."

The statement was intended to calm foreign-exchange markets, but it had exactly the opposite effect. After the latest Washington communiqué, a wild selling spree pushed the value of the dollar down at week's end to 142.50 yen, a 40-year low against the Japanese currency. Indeed, after the Paris declaration failed to halt the dollar's slide, there was no reason to believe a vague reiteration of the same policy would have much impact.

Also high on last week's agenda was the international debt problem, which heated up last February when Brazil suspended payments on its \$68 billion worth of foreign bank loans. Brazilian Finance Minister Dilsen Funaro was at the meeting, trying to win support for new credit to his country. He warned that debtor nations were on a "very short lifeline" and "being pushed to the end of their payment capacity." But Funaro received little encouragement from the G-7 representatives, who maintain that Brazil must reform its economy and curb its rampaging 600% inflation rate.

No dramatic cures were proposed for any of the many ills that afflict the global economy. Indeed, the very fact that the world's economic wizards got together with so little result seemed to unsettle investors and traders more than ever.

—By Adam Zagorin. Reported by Gisela Bolte and Jay Branagan/Washington

Air Pockets Around United

Its pilots stir a takeover frenzy

At first the plan seemed like pie in the sky: the 7,000 pilots of United Airlines, the country's wobbly No. 2 carrier, proposed that United's 60,000 employees buy the carrier for \$4.5 billion. But with that as an invitation, more seasoned corporate gate-crashers quickly stepped in. By week's end the skies around United were far from friendly, as the possibility of a substantial if confusing takeover play developed around the carrier's parent company, which is changing its name later this month from UAL Inc. to Allegis. Whatever happens next, there is no doubt that a passel of problems lies ahead for UAL Chairman Richard Ferris, 54, and his controversial long-term plan to make the company (1986 revenues: \$9.2 billion) an integrated travel-and-tourism enterprise.

The pilots' ploy obviously intrigued Wall Street. The price of the Elk Grove, Ill.-based company's stock rose from 59 on Monday to close out the week at 72½. One of the main beneficiaries was New York City Developer Donald Trump, who had amassed just under 5% of the firm's shares, which may make him UAL's largest individual stockholder. Trump, 40, helped set the takeover rumors racing when he joined the pilots in criticizing Ferris' management approach. He also scorned the company's name change, which is expected to cost UAL about \$7.3 million. Allegis, Trump said, was "better suited to the next world-class disease." Along with the boyish billionaire, the Wall Street rumor mill named as possible UAL takeover partners the New York investment firm of Coniston Partners and the Chicago-based Pritzker family, which controls Braniff and owns 1% of UAL's shares.

The employee buyout offer that kicked off the rumpus gestated for two years. It emerged from a bitter 29-day pilots' strike against United over a two-tier wage scale that provided lower pay for



Trump

**BE UNITED
BUY UNITED**

Economy & Business

new hires. After the dispute, F.C. ("Rick") Dubinsky and other leaders of United's branch of the Air Line Pilots Association began nurturing the buyout notion, which the union members code-named "Operation Stealthco."

As described by Dubinsky before about 3,000 United employees at a suburban Chicago sports center, the plan calls for employees to buy the airline by raising \$2.3 billion and assuming \$2.2 billion worth of the airline's debt. United pilots, who earn as much as \$156,000 a year, have volunteered to give up anywhere from 5% to 25% of their salaries to help make the buyout work. A representative of Lazard Frères, the investment banking firm that employees have enlisted to help raise cash for the takeover bid, pronounced the venture "viable." One notable believer in the scheme was Defense Attorney F. Lee Bailey, who anted up a \$1.5 million loan at the Chicago rally, where many of the attendees sported red-and-white BE UNITED, BUY UNITED buttons. Bailey's wife Patricia is a United flight attendant.

Chairman Ferris was less enthusiastic, however, and UAL officials would say only that the buyout matter is "under study." One major problem: the buyout would mean dividing up the highly diversified company that Ferris has built up, much to the airline employees' chagrin, since 1985. In that year Ferris got into the car-rental business by buying Hertz for more than \$587 million. This month he spent \$982 million more to add 90 Hilton International hotels to UAL's 60-hotel Westin chain. He spent \$750 million last year to buy out ailing Pan Am's Pacific air routes. United employees complain that Ferris' diversification has drained capital from the corporation that could have gone for pay increases and expansion at the airline, which lost \$80.6 million in 1986. Other divisions helped the holding company turn a profit of \$11.6 million, still a pittance.

What happens next may depend on Trump, who has closely followed the employee-takeover scheme. Indeed, he lunched with Felix Rohatyn, a senior partner at Lazard, only four days before the pilots' takeover offer was made public. Trump called it a coincidence, but conceded that the two "very lightly" discussed the possibility that the developer and the disgruntled airline pilots might join forces. Trump later told TIME that he thought Ferris' management strategy was "crazy." But the real estate mogul showed particular interest in UAL's hotel properties; they include midtown Manhattan's famed Plaza Hotel, which Trump termed "one of the great diamonds of the world." So far, though, the developer says he has "not decided what to do." While he makes up his mind, the air pockets of doubt that surround UAL's future can only cause more turbulence.

—By Gordon Bock

Reported by Lee Griggs/Chicago and Jeanne McDowell/New York

Getting Together with a Friend

Prospects look good for a Canada-U.S. free-trade pact

Ronald Reagan radiated more than his customary high wattage of optimism last week in Ottawa as he addressed Canada's 386-member Parliament. His topic: the possibility of a Canada-U.S. agreement that may soon create the world's largest free-trade zone. Amid fierce applause, the President promised to throw the full weight of his office behind that much discussed but never quite accomplished prospect. Said Reagan: "To those who would... fight a destructive and self-defeating round of trade battles, Canada and the U.S. will show the positive way."

So they might. As the President attest-

ing surplus in such services as insurance and investment. No less than 80% of the trade across the northern U.S. border is already duty free. Trade experts estimate that totally free trade would boost the roughly \$416 billion Canadian economy by about 3% to 8% within five to ten years. The \$4 trillion U.S. economy would gain proportionately less.

A free-trade agreement would provide a welcome counterpoint to the protectionist feeling that is piling up rapidly in Washington over the doleful American trade deficit, even though much of that ire is focused on the No. 2 U.S. trading



Closely united against protectionism: the President and the Prime Minister in Ottawa

Making progress on a "pioneering agreement worthy of a pioneering people."

ed during his summit meeting with Canadian Prime Minister Brian Mulroney, the U.S. and its largest trading partner appear close to a historic juncture in their immense economic relationship (value of 1986 commerce: \$129 billion). After a year of negotiation, officials in Washington and Ottawa seem confident they can produce a draft agreement by autumn that will completely eliminate tariff barriers between the two countries over the next decade or so. Reagan also took a modest—for most Canadians, far too modest—step toward alleviating another deep Canadian concern. The President said he would "consider" negotiating an accord to control acid-rain pollution from U.S. and Canadian factories.

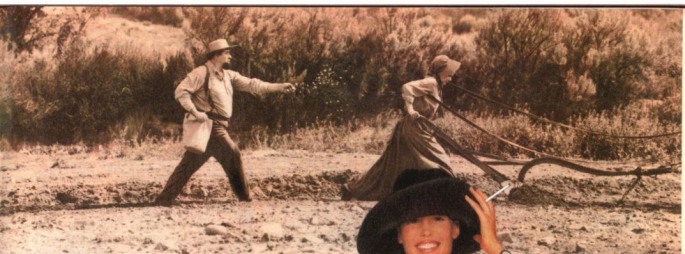
With a population of 25 million, Canada sent 78% of all of its exports, chiefly wood products, minerals and automobiles, to the U.S. last year, earning \$71 billion. The U.S. sent back some \$58 billion worth of heavy machinery, appliances and other goods. The \$13 billion merchandise balance in Canada's favor was partly offset by an \$8.1 billion U.S. trad-

partner, Japan. Without a pact, Ottawa fears, the U.S. Congress will indiscriminately freeze more Canadian goods out of U.S. markets. In the past year, Canada has been bruised in fights over exports to the U.S. of softwood lumber used in housing and other timber products; it is now under pressure to avoid enlarging its nearly 3% share of the \$32 billion American steel market. For its part, the Administration sees a deal with Canada as leverage that could be used at the new round of worldwide free-trade talks currently under way in Geneva.

The White House has a deadline of Oct. 4 for presenting a draft agreement to Congress. After that, Reagan and Mulroney will have the perhaps tougher job of convincing a contentious flock of U.S. and Canadian regional interests that the deal is a good one for all. Only then will it be clear that two close friends have truly created what Reagan last week hailed as a "pioneering agreement worthy of a pioneering people."

—By George Russell

Reported by David Beckwith/Washington and Peter Stoler/Ottawa



Virginia Slims remembers how the woman of 1912 was always one step

ahead of her husband.

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Business Notes



The buyer had a yen for art

ART COLLECTING

Where a Sunny Van Gogh Went

Who paid \$39.9 million for *Sunflowers*? Less than two weeks after an anonymous telephone bidder set an art-world record at Christie's London auction house by buying the faded Van Gogh masterpiece, the mysterious party has come forward: Tokyo-based Yasuda Fire & Marine Insurance Company bought the work, which was completed in January 1889, to help celebrate its centenary next year.

On that account, the Tokyo firm spent about 1% of its fiscal 1985 revenues for the painting, known in Japanese as *Himawari*. Starting early next year, Yasuda hopes to send the work on a tour of several Japanese cities. Then the Van Gogh will join two Renoirs and a gaggle of Grandma Moses oils in a 450-piece art museum that occupies a floor in Yasuda's Tokyo headquarters.

AGRICULTURE

Bumper Crop Of Trouble

It was intended as an act of generosity. The Church World Service, a branch of the National Council of Churches, wanted to help Southern farmers still suffering from last



Farmer Tom Trantham unloads needed seed

summer's drought. So the group has shipped nearly 6 million lbs. of corn seed to about 5,000 cash-strapped farmers in eight states.

But the \$5 million shipment has sown a heap of controversy. Some federal and state officials have charged that the free seed from the North may not be suitable for Southern soil. The Federal Crop Insurance Corp. warns that farmers who use the seed against Government advice could be declared ineligible for benefit programs. But many argue that they have no choice. Says Tom Trantham of Pelzer, S.C.: "We have to survive."

LAWSUITS

An Igniting Controversy

Walk into John Andrews' Tampa law office with a disposable Bic lighter, and Andrews will truly dispose of it—on the spot. Andrews is one of several attorneys who have brought a growing number of negligence suits against French-owned Bic since 1981, charging the firm with manufacturing a hazardous product.

Bic, the market leader in disposable lighters, claims to have sold 2 billion of the 79¢ throwaway items since 1973. According to the litigants, the lighter is an unstable fire bomb that can self-ignite in housecoat pockets and purses and on car dashboards. Bic accidents

have allegedly claimed the life of at least one victim, Ethel Smith of Tower City, Pa., whose husband is suing for \$11 million. Other suits against the company could easily mount into additional millions of dollars. In one of the first Bic cases tried in open court, Philadelphia Artist Cynthia Littlejohn last November won \$3.25 million based on her claim that a Bic lighter ignited in her front pocket in 1983, causing burns over 25% of her body. The circumstances of the other cases are less widely known because Bic has settled most of them out of court, with the stipulation that the claimants agree to keep quiet.

Officials of Bic, which has its U.S. headquarters in Milford, Conn., note that product packages warn customers to make sure the lighter flame is doused after use. But the warnings do not appear on the lighters themselves. For his part, President Bruno Bich says that "Bic manufactures the best lighter on the market."

TAXES

Feds Fuddle Filing Forms

When it comes to knotty tax questions, Internal Revenue Service employees are just as confused as everyone else—maybe more so. General Accounting Office investigators recently posed as befuddled taxpayers calling for help on

the IRS's toll-free tax-question line. They got wrong answers 22% of the time and incomplete advice on 15% of their queries. Last year GAO sleuths were misled only 17% of the time.

The IRS "assisters" had the most trouble deciding when to file a 1040A short form, how to report pension income and how to use the new W-4 withholding form. Getting the papers filled out in person does not help. The GAO says Government preparers make as many mistakes in arithmetic as regular folks.

MARKETING

Got Change For a Goofy?

George Washington and Abraham Lincoln, move over! Make way for Mickey and Goofy! Beginning in May, Disneyland's Magic Kingdom in California will begin circulating its own colorful currency, good for admission fees, food and souvenirs. A U.S. \$5 bill will buy a slightly oversize, like-valued item featuring the dippy dog Goofy. Mickey Mouse will appear on singles.

Why the currency swap? Company officials say they want to create a "total environment" that makes visitors forget the outside world. Perhaps they also figure that customers will keep excess Disney dough as a memento, rather than cash it in.

BEHIND EVERY GREAT CATFISH RECIPE IS AN UGLY CATFISH.

Few, if any, will claim there's such a thing as a handsome Catfish. On the other hand, there's a growing number who love the way it looks in their recipes. New York Times Food Editor Craig Claiborne, for one. "I've used Catfish in preparing many great classic French dishes, and the results were superb." Or from Betty Fussell, food author: "It's as sweet as sole, as firm as cod, as versatile as salmon." Try Catfish in one of your favorite recipes. You'll be in for a beautiful surprise.

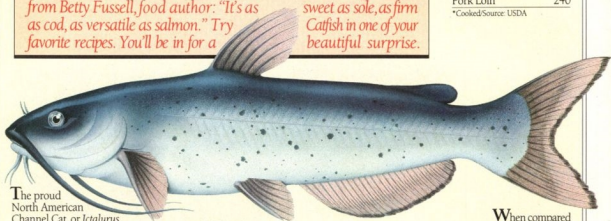


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*Cooked/Source: USDA



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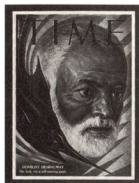
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The Cincinnati Insurance Company is proud to join the Smithsonian Institution Traveling Exhibition Service, Time, Inc. and Cincinnati sponsor, The Central Trust Company in welcoming "Hollywood: Legend and Reality" to the Cincinnati Art Museum April 14 through June 21, 1987.

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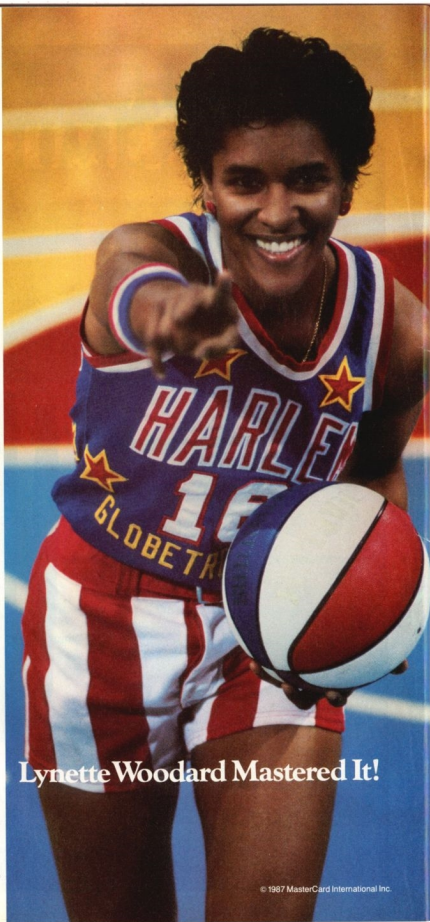
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Medicine

The End of the Beginning?

A controversial cancer treatment shows new promise

To avoid raising false hopes among cancer victims, researchers tend to use caution in reporting even the most promising advances in treatment for the dread disease. Yet two articles published in last week's *New England Journal of Medicine*, while containing caveats, seemed reason for guarded optimism. Both dealt with a controversial treatment known as adoptive immunotherapy, which involves the use of a naturally produced substance, interleukin-2 (IL-2), to bolster a patient's immune system. Both reported striking improvements in some patients with advanced cases of cancer.

Dr. Steven Rosenberg of the National Cancer Institute, a principal author of one of the papers, stressed that the technique "is an experimental treatment in the infancy of its development." Still, he said, "it is a first step in a new direction of cancer therapy. It can work. The challenge is to improve it." In an accompanying editorial, Dr. John Durant of Philadelphia's Fox Chase Cancer Center wrote, "Perhaps we are at the end of the beginning of the search for successful immunotherapy for cancer."

Rosenberg is most widely known as the spokesman for the team of doctors that performed colon surgery on Ronald Reagan in 1985. At a nationally televised press conference he began his remarks with the chilling statement "The President has cancer." But Rosenberg also created news 16 months ago, when he and his NCI team published their initial reports about IL-2 therapy on humans, which the press generally heralded as a cancer "breakthrough."

Although Rosenberg says he never used the word, he was criticized for prematurely implying it. Dr. Charles Moertel of the Mayo Clinic argued that the technique was prohibitively expensive and that the side effects (including fever, fluid buildup and irregularities in kidney and cardiovascular function) were "unacceptably severe," and suggested that the press had overplayed the potential benefits.

But the new results, on a larger test group, confirmed the earlier findings. Rosenberg and his colleagues used



Oncologist Rosenberg with cells used in his therapy

"It can work. The challenge is to improve it."

the technique on 157 cancer patients with melanoma, non-Hodgkin's lymphoma, and colorectal, kidney and other cancers that were initially considered untreatable. What is more, the affected tumors were metastatic—that is, they had spread to other sites in the body. Of the 157 patients,

20 had at least a 50% reduction in tumor size, while complete remissions were produced in nine. (Four patients died from side effects of therapy.) The second paper, by Dr. William West and a team of physicians and scientists affiliated with Biotherapeutics Inc. of Franklin, Tenn., showed similar results (though no complete remissions) with IL-2.

Rosenberg's treatment consisted of three parts, spread over approximately 16 days. First, the cancer patients were injected with large doses of IL-2 manufactured by genetic engineering techniques. These doses supplement the immune-system stimulation provided by the minute amounts of IL-2 produced naturally in the body. Next, blood was withdrawn, and specialized white cells—principal agents of the immune system—were separated from other blood components. These cells were bathed in IL-2, which causes them to reproduce faster. The cells were then reinserted into the patient's bloodstream. These IL-2-stimulated cells, known as LAK (for lymphokine-activated killer) cells, are attracted to cancer cells, which they promptly destroy. (Among the third of Rosenberg's patients who received IL-2 but no LAK cells, there were positive results but only one complete remission.)

Because of IL-2's toxic side effects, some of Rosenberg's patients were required to stay in intensive-care units. But other researchers have shown that by carefully controlling the dosage of IL-2, they can reduce the side effects, eliminating the need for intensive care, which is one reason the treatment is now so expensive (estimates range from \$30,000 to more than \$100,000 a patient).

"Intensive care will go by the wayside very quickly," predicts Harvard Medical School's Richard Kradin, who is also working on IL-2 therapy.

The FDA is weighing an NCI request to allow even one with metastatic kidney cancer and melanoma to be given the option of IL-2 therapy. Still, there are lingering questions about the durability of the results and whether the treatment can be effective in other cancers. But the new studies, admits even the skeptical Moertel, put "the scientific question into much better perspective. It's interesting early finding has demonstrated the doses have some against cancer."

—By Dick Thompson/Washington

Progress in Parkinsonism

When Mexican doctors announced early this month that they were treating Parkinson's disease by transferring adrenal-gland cells into the brain, a million or so American victims wanted to know one thing: When would the new technique be available in the U.S.?

They did not have to wait long for an answer. Last week doctors at Vanderbilt University Medical Center performed the first such U.S. operation on Dickie Baggett, 42, a Nashville-area clerical worker. Said Dr. George Allen, who led the medical team: "This may usher in a new era of transplanta-

tion of tissue into the brain."

Parkinsonism, characterized by tremors, stiffness and a gradual loss of muscle control, is caused by the death of brain cells that produce dopamine, a vital neurotransmitter. If the results of the Mexican doctors are repeated, the transplanted cells taken from Baggett's adrenal gland should produce enough dopamine in her brain to alleviate her Parkinson's symptoms. At week's end it was still too early to tell if the operation was successful. But Baggett already knew that she had contributed to medical progress. "All along I felt like the good Lord gave me Parkinson's disease for some reason," she said before the operation. "Maybe this is the reason why."

Ethics

Problems of Crime and Punishment

Should the U.S. use Soviet evidence against accused war criminals?

If Karl Linas is guilty, this is what he did. In the early 1940s, during the German occupation of his native Estonia, he was chief of a Nazi concentration camp in a place called Tartu. Twelve thousand East Europeans were executed there, including 2,000 Jews. Linas ordered half-naked men, women and children transported to a ditch and gunned down. Some of them he finished off himself.

These are the charges, supported by eyewitness accounts and recovered camp documents. In 1962 a Soviet court tried Linas in absentia as a war criminal and sentenced him to death. But by that time he was living in Greenlawn, N.Y., having become a citizen in 1960, nine years after entering the U.S. In 1981, however, his citizenship was revoked after a court determined that he had lied about his wartime activities to immigration officials. The U.S. Supreme Court will shortly decide whether to block his deportation temporarily. If it refuses to do so, Linas, 67, will probably soon be on a plane to the U.S.S.R. There his execution is very probable, though the Soviets may go through the motions of a new trial.

The issue that the Supreme Court will decide is a narrow one, whether to grant him a stay in order to consider his third petition to that court. But controversy has crystallized around the larger question—as much ethical as legal—of whether the U.S. is wrong to use Soviet-supplied evidence in its pursuit of Linas and other accused Nazi war criminals. The honorable sheriff in the westers, after all, protected even the most despicable criminal from the savage mob. In short, in its zeal to see a Nazi atrocity punished, is the U.S. guilty of trimming its standards of justice?

Cooperation in such cases between the U.S. and the Soviet Union began in the early 1970s. In 1979 the Justice Department established a Nazi-hunting branch, the Office of Special Investigations; since then 23 naturalized Americans have been stripped of their citizenship and 13 removed from the U.S. Some 600 more cases are under investigation. Soviet-supplied evidence, including videotaped eyewitness testimony and wartime documents seized by advancing Soviet

forces, has played some part in a majority of the cases that have come to court in the U.S., including that of John Demjanjuk, the retired autoworker from Cleveland now charged in an Israeli court with being an infamously sadistic guard at the Treblinka death camp.

Many East European émigré groups in the U.S. are agnostic at any reliance on the U.S.S.R. With unfaded memories of the Soviet annexation of the Baltic states

Leading the other side are Jewish organizations, committed to punishing perpetrators of the Holocaust, and the Justice Department, which says it sometimes has no choice but to settle for Soviet evidence. "The documents and the witnesses who lived through this period are still in the Soviet Union," says OSI Director Neal Sher. The OSI is satisfied it has the right man. "Not once in 40 years has anyone proved a case of Soviet forgery or perjury by a Soviet-supplied witness," says former OSI Prosecutor Eli Rosenbaum, now World Jewish Congress general counsel.

The Justice Department maintains that the documentary evidence is subject to rigorous scrutiny and testing by historians and handwriting, ink and paper experts for both the defense and the Government. Defense counsel are also invited to cross-examine witnesses when videotape depositions are taken in the Soviet Union, at U.S. expense in the case of indigents. Finally, an American court decides whether to accept such evidence and how heavily to rely on it. "Our system provides all the safeguards," says Sher.

Linas supporters dispute exactly that. Deportation is a civil proceeding, and they argue that the U.S. should use the more rigorous standards of criminal procedure, as Canada has decided to do. Critics also point out that witnesses in the U.S.S.R. testify under Soviet rules and cannot be adequately challenged by attorneys for the accused. No Americans have been given access to Soviet archives, they add.

It is certainly true that the circumstances, legal and geopolitical, have denied Linas the sort of defense he would be entitled to if tried in the U.S. But his case has received eight years of protracted review, during which various judges have concluded that despite his claim of innocence, he is plainly guilty. Much of the evidence against him can never be perfectly scrutinized, but even in a U.S. courtroom, prosecutors would probably seek Soviet assistance or else proceed without evidence from the scene of the crime. Last May a federal appeals panel wrote, "The irony of Karl Linas objecting to execution without due process is not lost on this court." If proceedings in the Linas case cannot meet the highest standards that U.S. justice is capable of, does that mean that justice should not be pursued at all?

—By Richard Lacyo,
Reported by Anne Constable/Washington and
Jeanne McDowell/New York



in 1940 and Stalin's man-made famine that some say killed 6 million in the Ukraine in the 1930s, they argue that at the close of the war the Red Army seized unused German stationery, blank military forms, typewriters, inks and stamps, all useful for producing forged documents. They charge that the Soviet Union has fabricated evidence as a way to intimidate fervently anti-Communist East Europeans settled in the U.S. "The OSI is in cahoots with the Soviet KGB," says Bill Liscynsky, president of Cleveland's United Ukrainian Organizations.

Some ask how the U.S. can call Soviet legal procedures unacceptable when used against Soviet dissidents but appropriate for supporting charges against accused Nazis of Baltic or Ukrainian descent. An unlikely coalition shares that view, including liberal former U.S. Attorney General Ramsey Clark, who is Linas' lead counsel, and conservative ex-White House Aide Patrick Buchanan, who has called Soviet justice an "oxymoron."

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Sport

Too Moving to Be Mayhem

With courage and craft, Sugar Ray Leonard comes back

A fight that argued for fighting took place last week beside a casino in Las Vegas, a reasonable facsimile of the ends of the earth. It was not one of the greatest fights anyone had ever seen, just one of the greatest performances everyone will forever recall. A bold little man with a beatific smile, who is almost everything except a middleweight, won the championship of the world by a decision, actually a lot of them.

Sixty-two months between real fights, five years since retinal surgery, three years after his first melancholy comeback, Sugar Ray Leonard returned to boxing at 30 for the simple reason that he does it better and enjoys it more than anything else in life. Without a tune-up he challenged Marvin Hagler, an apocalyptic figure of undetermined age, unbeaten for more than a decade. Hagler warned, "If he's foolish enough to step in the ring with me, I'm foolish enough to rip his eye out." By-standers who adopted Leonard in the 1976 Olympics and cheered him to the welterweight title over Wilfred Benitez, Roberto Duran and Thomas Hearns were a bit let down by his reappearance, and more than a little concerned.

In the pathetic annals of comebacks, unretiring champions from Jim Jeffries to Muhammad Ali had made sad endings appear inevitable. And the gym reports were not good. In his last showing before the fight, Leonard looked dull against Sparring Plodder Quincy Taylor, a light-heavy. But Taylor's function had been misunderstood. He was there to drum in the virtues of gliding over brawling. "You can't tell Ray," says Mike Trainer, his lawyer. "You have to show him."

So everything was in place, including Trainer's deal with Promoter Bob Arum, whose offer of a percentage was declined. Perfectly describing boxing and himself, Arum said, "I wouldn't trust me either." But in a way, Trainer took all the percentages. Leonard stood to earn \$11 million to \$12 million, compared with Hagler's \$13 million to \$14 million, but the gloves that could have weighed 8 oz. were a softer 10; the ring that might have been 16 ft. by 16 ft. was 20 by 20; and the distance was twelve rounds instead of 15. Leonard danced into the light with tassels on his shoes.

The monster started out stalking and talking but flinched at the merest feint.



In the eleventh round, the miniature Ali and the microcosmic Foreman

Leonard lowered his hands, shook his head and winked. Hagler was human. For four rounds the ambidextrous champion wavered between orthodox and southpaw, while the challenger hit, held and ran. Irksomely, Leonard refused to wait in his corner for rounds to begin and paid almost no attention to closing bells. If he was the miniature Ali, then Hagler was the microcosmic George Foreman, and the pale press had forgotten Ali's Zaire wisdom: "Black men scare white men lots more than black men scare black men."

One blow in the fourth round was tell-



Hagler contemplates the new champion

ing. As Leonard wound up a right-hand bolo, Hagler remembered Duran's embarrassment and awaited a left jab. Sugar Ray punched him right in the stomach. More than pained, Hagler looked insulted and came on fiercely in the fifth round. Still lunging and mostly missing, he was starting to connect at least. Not for the last time, Leonard felt the indentation of the ropes in his back. The battle seemed about to turn.

Hagler hit him less but hurt him more. Leonard had weighed in that morning at 158, just half a pound lighter than the natural middleweight he was fighting, and after a day's sustenance had entered the ring at 163. But he would leave it weighing 150. The bulk he had added, more to withstand power than dispense it, melted as he went until Leonard was himself again—tough and quick fisted, bright and quick witted but as small as a child. Sometimes he feigned ex-

haustion, keeping a right-hand lead at the ready, and other times he truly sagged. Hagler almost never guessed right.

Guile, however, had no role in the ninth round, when Leonard finished winning the crowd and started finishing the fight. In terrible peril on the ropes, he twice flurried his way out and left Hagler shaking apart and gripping along for a different kind of fight. Somewhere Leonard found the legs to obey his corner elf Angelo Dundee, who set him to dancing like Ali, complete with funny faces and windmills. Hagler smiled sadly. Before the last round began, Leonard raised a beckoning glove to the crowd, and by following suit Hagler only confirmed whose game they had been playing. Two of the three judges saw it that way. Leonard waited until their pencils stopped and then collapsed.

He told Hagler, "You're still champion." Hagler thought he heard, "You beat me, man." Having first blurted, "Twelve rounds isn't a championship distance," Manager Pat Petronelli was unconvincing in the next instant when he claimed that his man won them anyway. "Sugar Ray Leonard," the ex-champ said miserably, "of all people." To himself as much as anyone else, Leonard exulted, "I saw every punch coming," and no one should expect him to quit now. Maybe he will next try the light-heavyweight champion, his old friend Hearns. In a way, Leonard has beaten a heavyweight already. He knocked Mike Tyson clear off the stage.

Flying home, Leonard turned to his parents in a quiet moment and said, "Dad, do you know I'm the middleweight champion of the world?" It may be the least of what he is.

—By Tom Callahan

Racism at Bat

No monument for Jackie

In a television show last week meant to commemorate the 40th anniversary of the breaking of baseball's color line, an honored executive with Jackie Robinson's old team unwittingly let the country look inside him, and inside the game, to see plainly that the line still exists. Los Angeles Dodgers Vice President Al Campanis, 70, a former minor-league shortstop when Robinson was a second baseman in Montreal, was questioned by ABC *Nightline* Anchor Ted Koppel about the utter absence of black managers and general managers and the uniform dearth of black executives in what is billed as the great American pastime. Campanis replied, "I truly believe that they may not have some of the necessities to be, let's say, a field manager, or perhaps a general manager... Well, I don't say all of them, but they certainly are short. How many quarterbacks do you have—how many pitchers do you have—that are black?"

Though appalled, Koppel offered Campanis several shovels for digging himself out, but he just kept piling on the dirt. "Why are black men, or black people, not good swimmers? Because they don't have the buoyancy." Within 24 hours Campanis apologized, but within 48 he was fired by the Dodgers, possibly at the urging of Commissioner Peter Ueberroth. "Our record is certainly not good in this area," Ueberroth admitted.

The way people are now saying "The Dodgers, of all teams," the Dodger players are saying "The Chief, of all people." Campanis had a reputation for fairness: he once traded his son to the Athletics. And the Latin players, in particular, have regarded him as a patron. Pedro Guerrero murmured, "Probably, if it wasn't for him, I would've been somewhere else... I know he didn't mean to say that."

The question is, How many others did he speak for?

Only Henry Aaron, the vice president and director of player development for the Atlanta Braves, holds a front-office position of any authority. The entire history of black managers spanned just nine years and involved only three men, Frank Robinson, Maury Wills and Larry Doby. No team with a reasonable chance has ever been entrusted to a black. Typically, retired black stars become first-base coaches and clubhouse liaisons. In an infamous 1978 speech, former Senators Owner and lifelong Baseball Man Calvin Griffith told Minnesotans that he moved the team from Washington "when I found out you only had 15,000 blacks here. Black people don't go to ball games, but they'll fill up a rasslin' ring and put up such a chant, it'll scare you to death." Baseball ought to be scared to death. —T.C.



Campanis



California driver finds her way with an electronic chart of city streets

Computers

Driving by the Glow of a Screen

Electronic maps put a high-tech fantasy on the dashboard

More than two decades have passed since moviegoers first watched James Bond tail a Rolls-Royce to Goldfinger's Alpine retreat by tracking a moving blip across a screen on the dashboard of his Aston Martin. Now advances in computer technology have turned this Hollywood fantasy into automotive reality.

In California, some 2,000 motor vehicles—from Michael Jackson's Mercedes-Benz to Palo Alto garbage trucks—have been equipped with a gadget called the Navigator, which helps drivers get to a destination by displaying their vehicle's location on a glowing green map. And beginning next month, visitors to three hotels and six Budget Rent a Car stations in and around San Francisco will have access to counter-top DriverGuide units, which can calculate the shortest route between any two addresses in the Bay area and print out a concise set of directions. Later this year, DriverGuide will also become available in a smaller, dashboard version.

The Navigator, introduced last year by Etak, a Menlo Park, Calif., company, is an electronic road map that calculates position by means of dead reckoning. Data from a solid-state compass installed in the vehicle's roof and from sensors mounted on its wheels are processed by a computer in the trunk and displayed on a dashboard screen. The car's position is represented as a fixed triangle; the map, showing a web of streets and avenues, scrolls down as the car moves forward and rotates sideways when it turns.

DriverGuide, produced by Karlin & Collins, a Sunnyvale, Calif., firm, is the electronic equivalent of rolling down a

window and asking for directions. The prototype unit looks like an automated-teller machine, but it issues information rather than cash. By punching buttons and choosing from a variety of screen menus, users specify where they want to go. Twenty seconds later, the machine spits out a printed sheet of driving instructions constructed from a data base that contains the location of every intersection and alleyway in the Bay area, including 3,400 turn restrictions and 4,800 traffic lights. Says Barry Karlin, president of K&C: "We save fuel, and we save time."

How the devices will fare in the marketplace remains to be seen. Their current price tags will certainly limit sales: Navigator sells for \$1,395, and the DriverGuide is expected to cost about \$1,000. Toyota already offers a computerized dashboard map on an expensive model sold only in Japan, but while U.S. automakers are testing the devices, none have plans to offer them as options before the early 1990s.

Etak and K&C remain optimistic and are busy expanding their cartographic data bases. Etak has computerized the maps of 85% of the nation's urban areas, while K&C is programming Los Angeles, Miami and Atlanta. Both companies speak confidently of the day when onboard computers will act as mobile information systems, displaying everything from the latest traffic conditions to the location of the nearest hospital. Predicts Karlin: "Ten years from now, nobody will need to drive with a road map folding and flapping in the steering wheel." —By Philip Elmer-DeWitt.

Reported by Charles Pelton/San Francisco

Religion

Once More, the Sound of Music

Translators offer U.S. Roman Catholics a stylish New Testament

The New American Bible of 1970 was the first Roman Catholic translation of the Old and New Testaments produced in the U.S., and was based entirely upon Hebrew and Greek manuscripts rather than the traditional Latin text. Those features were especially important to scholars. Among many ordinary churchgoers, however, the NAB was noteworthy for a less felicitous reason: its relentless lack of style. As a brochure by the New Testament editor, Father Gerard S. Sloyan of Temple University, bluntly explained, "If this translation has a fault it is not that of obscurity, rather of a clarity which says what the text says, neither more nor less—plain, unvarnished and direct."

Though 15 million copies of the NAB have been distributed, Social Philosopher Michael Novak sums up the view of many Catholics when he observes that the 1970 Bible has "the practicality of a fast-food outlet." But, he adds, "you miss the music." The most withering attack was mounted in a 1977 *Commonweal* article by John T. Noonan, then a University of California law professor and now a federal judge. He declared that American Catholics are "being impoverished" and demanded that the bishops ban the version and order up another one.

The U.S. bishops gratified that wish this month, unveiling a revised New Testament that seeks to restore the music. The impetus for change came from Catholic biblical scholars who judged the NAB New Testament deficient. The project in-



NAB Revisers Hartdegen (seated) and Gignac

involved eight years of work by 15 experts, five of them Protestants. The revision is expected to be authorized for readings at Masses by late 1989.

According to Father Stephen J. Hartdegen, coordinator of the 1970 and 1987 translations, the revisers sought to eradicate both mistakes and colloquialisms. A notable NAB error occurred in *Luke 1:17*, where antecedents got mixed up and

"God himself" went before John the Baptist "in the spirit and power of Elijah," instead of John going before God. That was "practically blasphemous," says Jesuit Father Francis T. Gignac, chairman of the board of editors.

Also eliminated were many of the chatty phrases that gave the NAB its sometimes jarring tone. Among them: "Good-bye and good luck!" (*James 2:16*) and "What of it?" (*Philippians 1:18*). Replacements: "Go in peace" and "What difference does it make?" The 1970 rendition of Luke's nativity narrative says that "there was no room for them in the place where travelers lodged," which to some sounded like a plug for Travelodge motels. The revision adopts the familiar "There was no room for them in the inn." Instead of the weak and wordy "Reform your lives!" John the Baptist now proclaims a traditional "Repent."

Following a trend in many churches toward inclusive language in Scripture and worship, the new NAB avoids male terms for generalized human references (for example, "one" replacing "man"). The editors decided, however, not to alter male references to God and Jesus and to retain "kingdom of God" because the phrase "reign of God" seems to refer to precipitation when read aloud.

By using more dignified language and following the word order in the Greek manuscripts more closely, the NAB comes out sounding rather close to the Revised Standard Version. Since the RSV is available in an approved Catholic edition, why not, in the spirit of ecumenism, simply adopt that Protestant-produced version? Responds Gignac: "That would be nice, but we think ours is slightly better." —By Richard N. Ostling

Milestones

MARRIED. Valerie Harper, 46, actress who played the sharp-witted Rhoda Morgenstern on TV's *The Mary Tyler Moore Show*, and now stars in her own NBC series, *Valerie*; and Tony Cacciotti, 47, an executive producer of the show and her manager; she for the second time, he for the third; in Malibu, Calif.

EXPECTING. Tatum O'Neal, 23, Oscar-winning sometime actress (*Paper Moon*, *Certain Fury*); and her husband of nine months, John McEnroe, 28, temperamental tennis star ranked No. 7 in the world at present, whose comeback trail so far this year has been bumpy (he lost the Belgian indoor championship to Sweden's Mats Wilander last month); their second child; in September. Their son Kevin will be a year old next month.

RESIGNED. Bess Myerson, 62, from her post as cultural affairs commissioner of New York City; in Manhattan. A report com-

missioned by Mayor Ed Koch accused Myerson, a longtime friend of Koch's and a former Miss America (1945), of "serious misconduct" for failing to report gifts from her companion, Contractor Carl Capasso, 41, while he was seeking a \$53.6 million city sewer-renovation contract. Capasso later pleaded guilty to tax evasion and was sentenced to four years in prison and a \$500,000 fine.

DIED. Horst Dassler, 51, chairman of the family-owned Adidas Co., one of the world's largest sports-equipment firms (1986 revenues: \$2.27 billion), whose triple-stripe logo adorns the shoes and uniforms of hundreds of world-class athletes; of cancer; in Erlangen, West Germany.

DIED. Primo Levi, 67, Italian author, chemist by lifelong profession, and Auschwitz survivor; in a fall down his apartment-house stairwell; in Turin. With humane intelligence, a scientist's passionate curi-

osity and an ironic, dispassionate style, Levi distilled his experiences as a Jewish concentration-camp inmate and refugee into searing autobiographical accounts—*If This Is a Man* (1947), *The Truce* (1958), *Moments of Reprieve* (1986)—that revealed gradually deepening levels of tragedy and humanity. His best work, *The Periodic Table* (1975), fuses his two callings, using the analog of the chemical elements to analyze people, events and moral truths.

DIED. Erskine Caldwell, 83, novelist whose works included *Tobacco Road* and *God's Little Acre*; of lung cancer; in Paradise Valley, Ariz. The son of a minister, his earthy tales of the rural poor in the American South offended many Southerners but had wide popular appeal. *Tobacco Road*, published in 1932, sold 3.5 million copies and became a Broadway hit, while *God's Little Acre*, which appeared the following year, sold 8 million copies.

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Environment

Dead Cats, Toxins and Typhoid

Clean-up time for the New River, an international irritant

For twelve years Biologist Phil Gruenberg has watched a foul parade float down the New River, a bile-green waterway that slices across the Mexico-California border. While scooping up water samples near the border town of Calexico, Calif., he has seen dead cats and chickens bob past, along with tires, slaughterhouse waste, laundry suds and human feces, and once, a dead man's body. The unseen horrors are, if anything, even more disturbing: the New is saturated with toxic chemicals and teems with disease-causing viruses and bacteria. Warns Imperial County Health Department Officer Dr. Lee Cottrell: "It's an environmental disaster waiting to happen."

The New River did not even exist until 1905, when the flooding Colorado River dug a new channel that arched south of Mexicali, Mexico, then back north into California. But it has made up for lost time. Says Gruenberg: "It's the most polluted water in California, and perhaps in the U.S." The Colorado connection has long since dried up, but a 75-mile river still flows, car-



Sewage on its way to the New River

rying its poisonous flotsam into California's bountiful Imperial Valley, past lettuce and cotton fields, and finally emptying into the Salton Sea, a popular fishing and swimming site near Palm Springs. Fishermen and residents alike have complained about pollution in the Salton Sea, and the U.S. Geological Survey stopped taking river samples two years ago. Reason: the water is too unhealthy to handle. But despite repeated promises from the Mexican government, little has been done. "The problem," says Environmental Protection Agency Official Richard Coddington, "is that there's an international border, and Mexico has sovereignty on that side of the line. We wish they'd ask us to help."

The river's problems begin in the boomtown of Mexicali, which since 1970 has more than doubled its size, to an estimated population of 1 million. There, an overburdened sewerage system dumps millions of gallons of raw waste daily into the 30-ft.-wide stream. Other contaminants are added to the stew as the river continues northward, churning through a garbage dump, past cattle feedlots and dairies, and within yards of ramshackle slums. On the edges of town, such classic polluters as food-processing and chemical plants dump organic wastes, pesticides, solvents and other chemicals into slime-

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filled ditches that drain into the river. About 100 toxic substances, including mercury and such known or suspected cancer-causing agents as PCBs, toxaphene and benzene have been identified at the border sampling site.

In addition to these poisons, the river harbors at least 28 varieties of viruses and an unknown number of bacterial strains, including typhoid, cholera, hepatitis and the three known types of polio virus.

According to Gruenberg, bacteria levels routinely reach 1,000 times the maximum level set by the EPA as safe for bodily contact. Though no one uses the water for drinking or irrigation, infected drifts of foam from Mexican laundry detergents are sometimes scattered by the wind, and Cottrell fears an epidemic is inevitable. At greatest risk are illegal immigrants, who occasionally venture into the polluted suds to swim under the border's chain link fence.

Since 1946 the U.S. and Mexican governments have made both joint and independent attempts to tackle the New River's problems. The latest plan, approved but with no set implementation

schedule, is a \$1.2 million collaborative venture to be funded equally by the two countries. The project would provide Mexicali with a new sewage-pumping plant, plus backup pumps and a truck equipped to remove muck from waste pipes.

Experts on both sides of the border agree, however, that this will barely make a

dent in the problem. California has therefore allotted \$150,000 to explore its own options for cleaning the river. Among the ideas under consideration: erecting a screen big enough to stop the passage of dead animals, covering the river in a huge culvert along the populous border region, or possibly diverting the entire watercourse to a nearby waste-treatment site. According to a 1985 study, the cost of a thorough cleanup could reach \$400 million.

Meanwhile, Mexicali has agreed to move livestock and people away from the riverbanks and to open a toxic-waste disposal site later this year. The Mexican government has also threatened to fine or shut down the city's polluting factories, some of which belong to U.S. companies that crossed the border in search of cheap labor and loosely enforced environmental laws. Vows Fernando Menendez of Mexico's Ministry of Urban Development and Ecology: "You can be sure the cleaning of the river is going to be accomplished in two years." Gruenberg and other veteran river watchers have their doubts. It will take more than promises to turn the fetid tide. —By Michael Riley/Mexicali

More Violent Hurricanes?

Add one more environmental disaster to the list of potential dire consequences of the greenhouse effect. A general warming of the earth because of increasing amounts of carbon dioxide and other gases in the atmosphere might not only melt the polar ice caps and drastically alter weather patterns but cause more ferocious storms. Writing in *Nature*, M.I.T. Meteorologist Kerry Emanuel warned that a warmer climate could result in hurricanes packing up to 50% more destructive power. This could happen, he suggests, within 40 to 80 years,

when some scientists think CO₂ levels will have doubled and ocean temperatures will have increased by 2°C to 3°C. Because the energy of warm, rising air is the driving force behind hurricanes, a warmer ocean would translate into stronger storms.

"What is very speculative at this point," Emanuel says, "is how the earth's climate will respond." One variable that could offset the rise in CO₂ levels, for example, would be a change in cloud cover, which would cut down on the sunlight reaching the surface of the earth. Although it is too early to sound alarms, says Emanuel, his purpose is to make it clear "the consequences of the changes that are occurring are quite severe."

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Education

Facing Up to Sticker Shock

As tuitions soar ahead of inflation, colleges try to explain why

These days, acceptance letters from colleges are appearing in mailboxes all across the country. No sooner are the envelopes opened than many parents turn their attention from their child's good fortune to another kind of fortune: the small one the next four years will cost them. The price of a degree has been climbing throughout the '80s at a rate double that of inflation. The figures at elite universities, particularly, are enough to cause sticker shock, even though the current increases at many schools are the lowest in a decade. Dartmouth's tuition (not counting room and board) will be \$12,474 next year, up from \$8,190 five years ago; Stanford's will be \$11,880, up from \$8,220. Secretary of Education William Bennett charges that such increases result from mismanagement and greed. "Higher education is under-accountable and underproductive," he claims. "No one doubts that there is a lot of fat in some areas."

Perhaps no budget is without some fat, but university officials argue that their unique function requires special standards of evaluation. "One of the peculiarities of education is that our customer is also our product," says University of Pennsylvania President Sheldon Hackney. "That confuses most analogies between universities and profit-making enterprises." In universities, notes Northwestern President Arnold Weber, all the money is ploughed into the operation: "We don't declare dividends; we don't give stock options to our administrators." Tuition increases, say officials, are driven by the universities' costs, and even at that, tuition income typically covers less than 50% of college budgets. (Endowments and gifts make up the rest.)

Academic salaries are the largest budget item, generally accounting for around 60% of total expenses. During the '70s, professors' salaries grew at an overall rate of 73%, lagging far behind inflation at 112%. Universities have been playing catch-up in the '80s. This year's raises average 5.9%, which is 4% above inflation and the largest since 1972. Yet the typical tenured professor's salary of \$43,500 still represents 10% less buying power than the equivalent salary in 1970.

The boom in technology

has been an added burden, especially for research universities that have to keep up with the latest computer and scientific hardware, regardless of price. At the University of Chicago, the \$225,000 allotment that covered equipment for physiology



DRAWING BY W. MILLER. ©1988 THE NEW YORKER MAGAZINE INC.

and biology research ten years ago has grown to \$1.4 million. Moreover, universities must scramble to replace outdated facilities. Says Northwestern's Weber: "We have buildings here that cost \$1 million to build 80 years ago, and cost \$5 million just to repair." And books are not any cheap-

er. To maintain its library, Northwestern orders 29,000 periodicals a year at a cost approaching \$2 million. Other uncontrollable costs include insurance and utilities. Emory University in Atlanta expects next year's electric bill to rise 30%.

The third major cost cited by universities is the higher proportion of student aid they have undertaken to provide, partly to offset their own tuition increases but especially to cover declining federal assistance. At Princeton, the Government's contribution to student aid has dropped from 26.7% of the total to 12.6% in six years. The additional expense to Princeton: \$2.2 million. Secretary Bennett, however, maintains that more federal aid would only encourage universities to count on the Government to meet any increases they might impose.

Some observers note that relatively few students are affected by high price-tag tuitions. Only about 80 institutions charge more than \$10,000. The average private-college tuition, by contrast, is \$6,150. Public colleges, which account for 80% of the nation's enrollment, average out at \$1,100. Terry Hartle of the American Enterprise Institute questions whether elite colleges even have any incentive to control their prices. These schools, he points out, consistently have "more qualified applicants than places for them."

Nonetheless, some colleges are making efforts to trim budgets and pass along the savings. Penn hopes to save \$12 million next year by closer management of employee benefits. Cornell is reducing operating expenditures across the board by 2%, allowing it to post a 7% tuition increase, its smallest in 14 years. A few institutions are dropping secondary programs. Georgetown, for example, has eliminated one-third of its graduate programs in the past five years and recently decided to close its dental school. "We can't be all things to all students," says Treasurer George Houston.

Ultimately, colleges may be able to do only so much to rein in rising tuitions. With their commitment to speculative scientific research, large faculties and out-of-favor subjects like classics, they may be what University of Rochester President Dennis O'Brien calls "inefficient in principle." For students intent on a name-brand sheepskin, that principle is likely to remain an expensive one, at least for the foreseeable future.

—By John E. Gallagher.
Reported by Mary Cronin/Princeton and David E. Thigpen/New York

Off Again, On Again

In January, Republican Governor Arch Moore declared 1987 the Year of Education in West Virginia. Some year. Last week 67,000 state college and university students, as well as 8,300 faculty and other employees, learned that most spring classes would be cut by a week and one college summer semester would be

dropped. Reason: a Moore order, prompted by an economic slump, for 20% cuts in state-agency expenditures. Asked Ray Bauer, 21, president of the West Virginia University student body: "Are we supposed to put our lives on hold while these clowns figure out what to do?" Apparently not. After two days of public outrage, an abashed Moore revoked the closings, determined to lop no vital parts from his education year. Said he: "That dog won't hunt."

Books

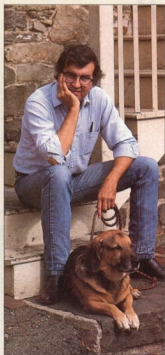
After the Last Picture Show

TEXASVILLE by Larry McMurtry; Simon & Schuster; 542 pages; \$18.95

You can tell right off when a novelist knows his way around the block. Take the first sentence of Larry McMurtry's moody, sensitive, ironic yet lightheartedly despairing new novel: "Duane was in the hot tub, shooting at his new doghouse with a .44 Magnum." The Jamesian restraint of the language—not "Blam, blam, blam, wood chips glinted in the dusty air," but a dreamlike, almost passive kind of doghouse blasting—foreshadows subtle stuff. The hero, we sense, is a country boy (the name Duane, and the implication that there is enough vacant acreage behind the doghouse so that stray bullets won't perforate anything important) whose new prosperity (the hot tub) leaves him strangely dissatisfied (the pulsating jets do not soothe him) and struggling to express his feelings (that hogleg Magnum).

Well, sure. What we have here is middle age, a ton of bricks anywhere, but a real stunner to Duane in Thalia, Texas. Life and geography have not prepared him for the existential blahs. He was a high school football hero of sorts in McMurtry's wry 1966 novel *The Last Picture Show*. Since then he has made a fair-size bundle in the oil business, but aerobic spending and the collapse of crude prices have left him ear-deep in debt, and sinking. He doesn't much care. He and his wife Karla are both good-looking and healthy in their 40s, but he isn't aroused by her, even to sexual antagonism. Their recent marital enterprise has been what economists call, approvingly, consumer activity: building a mansion that Duane hates, filling it with trendy furniture and appliances, and one day, more than usually bored, buying the damn doghouse, a two-story log affair built to resemble a Western fort. Naturally Duane's red-eyed pooch Shorty won't go near this oddity. McMurtry neatly establishes both that Shorty has a firmer grip on things than his master and that Duane, though distracted, is not a bad egg; there is no dog in the doghouse he is cannonading. Still, Shorty does have problems: Can his master get it together to open a can of Alpo?

Texasville is McMurtry's eleventh novel, and by now his wonderfully loose-jointed narrative style slips in and out of comic exaggeration with practiced ease. There are no seams between the ambling lies of the 19th century frontier yarn spinner (his literary heritage) and the slick ambiguities of the 20th century novelist. When the tall tales have room to unwind to the horizon, as they do in *Lonesome Dove* (1985), McMurtry's haunting legend of the last cattle drives, the result is extraordinary. This sort of storytelling works best with a lot of action, however, and the



Excerpt

“ Racing into the open, empty acres of the parking lot, Shorty began a series of brilliant, desperate maneuvers. He ran in tight circles, he doubled back on himself, he ducked, he dodged, he executed figure eights. No matter what he did, the twins hung tight on either side of him . . . Several times [they] almost had his tail—Shorty, sensitive to the peril, kept it tucked tightly between his hind legs. Spotting the cars, he stopped dodging and raced for them with a last blazing burst of speed. The twins came on relentlessly, right at his heels, blinding glints shooting from their mirror sunglasses. ”

new novel describes a man becalmed.

Somewhat rowdily becalmed, to be sure. Duane rather absentmindedly conducts affairs with two mistresses; at the book's end, he wanders through a centennial pageant in which 60,000 eggs are thrown, many of them by Duane and Karla's eleven-year-old twins, who, he says truthfully, "seemed as uninfluencable as wild animals." But middle age is a predicament, not a journey, and thus essentially undramatic. At the end of *The Last Picture Show*, Duane, who had joined the service and was headed for Korea, left his secondhand Mercury with his friend Sonny, saying, "See you in a year or two, if I don't get shot." It was a good, macho exit line. At the end of *Texasville*, he doesn't go anywhere, and doesn't even go crazy, though bankruptcy court still looms. No exit line: no exit.

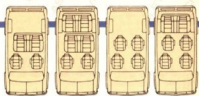
The static quality of the plot may be what limits the characterizations of the novel's two important women. Karla is vivid enough. She has taken to communicating by wearing T-shirts printed with the titles of hillbilly songs (like *You're the Reason Our Children Are Ugly*, sung by Loretta Lynn and Conway Twitty). More than halfway through the book, Duane notices her in a blank T-shirt; her glum explanation is that she has nothing more to say. Then there is the onetime teen queen Jacy, over whom Duane and Sonny fought in high school. She has returned to Thalia after several marriages and a career as a movie star in Europe. She goes trolling for Duane, but he evades her, uneasy about disturbing painful memories. That is a believably cowardly male response; McMurtry's women, of course, are implacable in pursuit of such pain. His insight ends here, however. He hints at alarming strength in both Karla and Jacy, but does not find ways to show its sources or workings-out.

The other important character from the early novel is Sonny, the shadowed, sensitive boy through whom the reader saw the dusty sadness of the worn-down little town. In *Picture Show*, Sonny had a love affair with Ruth, the wife of the cloddish football coach, but it was the self-absorbed Jacy he yearned after and with whom he tried to elope. Now he takes little notice of her return. His mind seems to be losing its hold on present time.

At first it is assumed that he is merely forgetful. Then he is discovered in the long-ago burned-out shell of Thalia's movie theater, sitting in one of the two remaining seats, staring into empty air. He is running old movies in his head. This scene of memory flooding out everything, overwhelming the present—this last picture show—is corny, stacy, shamelessly sentimental, the kind of thing only a storyteller given to shaggy exaggerations would try. The reader is inclined to think that McMurtry gets away with it.

—By John Skow

ONE THOUSAND AND ONE USES.

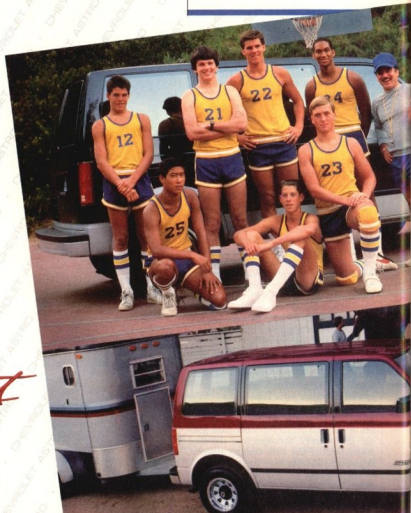



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Books

Daughters

TEMPORARY SHELTER

by Mary Gordon

Random House; 213 pages; \$16.95

Author Mary Gordon's three novels (*Final Payments*, *The Company of Women*, *Men and Angels*) offer expansive looks at the intricacies of family life, particularly the gifts bestowed and debts incurred by daughters, wives and mothers. The subject would seem to require the ample space that Gordon has devoted to it in each book, not because domesticity is so panoramic but rather so long, such a matter of daily minutiae, small increments of knowledge, feelings and guilt that gather from infancy to death. This process yields itself up grudgingly to the summary or the sketch; Gordon's formidable reputation has not been won through short stories.



Mary Gordon

At least until now. *Temporary Shelter* presents 20 tales, a number of which have previously appeared in publications ranging from the highbrow (*Antaeus*, *Granta*) to the mass market (*Redbook*, *Mademoiselle*). The quality is uneven, the good mixed with occasional bits of fluff. No single story in this collection seems automatically destined for anthologies. Yet the book as a whole is a good deal more powerful and absorbing than any of its individual parts.

That is because the pieces echo each other in odd, intriguing ways. Gordon returns habitually, hypnotically, to a small number of predicaments. There is the pain and bewilderment felt by young girls who have lost their fathers, either through death or abandonment. One such victim remembers being forced to attend birthday parties and dreading them "as I did the day of judgment (real to me; the wrong verdict might mean that I would never see my father)." Other stories rehearse the misgivings of women who have fallen in love with previously married men. They wonder what the departed wives found objectionable, impossible to live with. Louisa is passionately devoted to Henry, but "it troubled her that she could not predict in Henry the faults that would cause her one day not to love him."

For Gordon's diverse heroines share a common perception: love does not last; it is, like life itself, a temporary shelter. In such a context, wedding vows become highly problematic, promises made in defiance of experience and reason. Still, the women take the risk. The narrator of *Now I Am Married* concludes, "He is my husband, I say slowly, swallowing a new, ex-

otic food. Does this mean everything or nothing? I stand with him in an ancient relationship, in a ruined age, listening beyond my understanding to the warning voices, to the promise of my own substantial heart." In *Safe*, a wife and new mother suddenly realizes exactly what she now owes to her husband and child: "I know that I must live my life now knowing it is not my own. I can keep them from so little; it must be the shape of my life to keep them at least from the danger I could bring them."

By its very nature, Gordon's subject matter flirts with sentimentality, but the author avoids the danger in several ways. The stories are rooted in two carefully observed social landscapes; one involves working-class Irish Americans and their children (the setting of *Final Payments*), the other a contemporary circle of sophisticated and slightly aimless East Coast women (the world of *Men and Angels*). Life in both places can be harsh and unforgiving, an effective antidote to pieties or posturings. And Gordon uses laconic humor to keep the emotional impulses of her plots in check. One character muses on her first husband, "who thought of me as if I were colonial Africa: a vast, dark, natural resource, capable, possibly, of civilization." Another woman, a city lover, thinks of all the unpleasant weekends she has spent visiting friends in the country: "On the whole, she had found it to be to her advantage to decline invitations to any place where she would be obliged to wear flat shoes."

Although feminism is mentioned only once in these stories, it is clear that the women in *Temporary Shelter* are far more important and interesting than the men. But Gordon, 37, never gives the impression of writing to an agenda or a bill of grievances. Her stories do not argue; they display admirable quantities of sympathy and intelligence.

—By Paul Gray

Wonderful Town

MANHATTAN '45 by Jan Morris

Oxford University; 273 pages; \$17.95

I lay somewhere between the Proustian ambience of Woody Allen's films and the never-never land of the Emerald City: a town of tart talk and smooth tunes, where women sported black silk stockings and Cadillacs purred down clean streets kept orderly by serried ranks of trusted policemen. The skyline, crowned by the 1,250-ft. Empire State Building, was the most imposing man-made sight in the world, and at night it glowed with the fires of 2 million aspirations. Visitors to Grand Central Station, where the trains were out of sight and the zodiac was on the ceiling, could get information on any subject whatsoever—and they did, 167,000 times a year. The glorious profligacy of the place was astounding: "Why," remarked one astonished observer, "the garbage thrown away in this city ev-

ery day—every day—would feed the whole of Europe for a week."

Or so writes British Travel Writer Jan Morris in a valentine to New York City in 1945 that might make even Allen blush. Back then, she reports, young men returned from war victorious and well-mannered; the first thing they asked for when they disembarked was milk. Half the earth's races huddled together in picturesque, cheek-by-jowl harmony. The subways, "awful and astonishing in about equal measure," cost only a nickel to ride. Grover Whalen, a flamboyant Irishman with a flower in his lapel, was glad-handing the visiting firemen as the city's official greeter, while saturnine Robert Moses, the master builder, was sundering neighborhoods in the name of progress. The café-society swells watered at El Morocco or the Stork Club, and the punters headed for Toots Shor's, mindful of the proprietor's dictum that "a bum who ain't drunk by midnight ain't trying." It was, in short, a wonderful town.

A little too wonderful, perhaps. In a series of vignettes organized by topic ("On Style," "On System," "On Race," etc.), Morris stages an uncritical celebration: Mayor Fiorello La Guardia gets six paragraphs, the city's restaurants get seven, and "Smelly" Kelly, who sniffed out gas leaks along the IND subway tracks, gets one. Morris, whose customary voice is that of cool detachment, allows a gee-whiz tone to mar the text: "Where else, in 1945, could you have your photograph taken by an unmanned machine (the Photomaton), or go to a theatre on the fiftieth floor of a skyscraper (the Chanin Building), or for that matter get an electric shock just from touching a door handle, in a city so charged with energy that the very air tingled with it?" Certainly not in drab, dreary, bombed-out London. And there are some unaccustomed small inaccuracies that further tarnish the golden glow: the PATH commuter trains from New Jersey are not officially part of the city subway system, and Van Cortlandt Park is in the Bronx, more than six miles north of Harlem.

Still, New Yorkers weary of the slough of dirt, drugs and despond that is contemporary Manhattan can forgive Morris her borrowed nostalgia. Why, the garbage thrown away in Europe every week wouldn't equal the trash deposited on streets of Manhattan every day. But in those days it really was, in John Cheever's phrase, "a long-lost world when the city of New York was still filled with river light . . . and when almost everybody wore a hat." And now it is not.

—By Michael Walsh



Jan Morris

Living



The Eagles cuddle with pooch Earthquake and contemplate a takeout pizza snack

Here Come the DINKs

Double-income, no-kids couples are the latest subset

The members of this newly defined species can best be spotted after 9 p.m. in gourmet groceries, their Burberry-clothed arms reaching for the arugula or a Le Menu frozen flounder dinner. In the parking lot, they slide into their BMWs and lift cellular phones to their ears before zooming off to their architect-designed houses in the exurbs. After warmly greeting Rover (often an akita or golden retriever), they check to be sure the pooch service has delivered his nutritionally correct dog food. Then they consult the phone-answering machine, pop dinner into the microwave and finally sink into their Italian leather sofa to watch a videocassette of, say, last week's *L.A. Law* or *Cheers* on their high-definition, large-screen stereo television.

These speedy high rollers are upper-crust DINKs, double-income, no-kids couples. They flourish in the pricier suburbs as well as in gentrified urban neighborhoods. There is no time for deep freezers or station wagons in their voracious, nonstop schedules. Many enterprising DINK couples slave for a combined 100-hour-plus workweek, a pace relieved by exotic vacations and expensive health clubs. Their hectic "time poor" life-style often forces them to schedule dinners with each other, and in some supercharged cases, even sex.

Consider the pace of Michele Ward, 26, and Kenneth Hoffman, 31, top executives at different Connecticut management-consulting firms. "The prime purpose of our answering machine at home is so we can keep in touch with each other," says Ken of their jammed schedules. For pleasure, they sail and "cook seriously together," whipping up veal Normandy or Persian duck in pomegranate sauce. They

subscribe to four gourmet magazines and have a collection of 150 cookbooks. Most recent vacation: three weeks in Tahiti and Bora Bora. "Part of me would like children, but, practically speaking, I don't see how," says Michele, who estimates the earliest date for childbearing is 1993. Their ranch-style house has three bedrooms: one for them, one for the computer and one for their Samoyed, Dillon.

David Eagle, 33, a Hollywood television producer, and Nancy Weingrow Eagle, 31, an entertainment lawyer, also fill out the DINK profile. In order to earn their hefty incomes, each one works 50 to 60 hours a week. They have two dogs and care for them the way they decorate their home—which is to say, lavishly. "Earthquake, our Labrador-husky mix, has beautiful blue eyes. I have blue eyes, so people think I'm his father," jokes David. "We're going skiing tomorrow and taking both dogs with us." In the late 1960s he supported Eugene McCarthy and was labeled a hippie. In the late 1970s he became a yuppie, and accepts DINK as a natural evolution. Little DINKerbells, however, are not yet part of the progression. "We have big responsibilities just being double income-ites," explains David. "We aren't ready to give up the quality time that is necessary to devote to our careers and transfer that to children."

The origin of the acronym is not known, but it is often attributed to glib real estate agents or to clever marketing M.B.A.s bored with the term yuppie. What separates DINKs from most other Americans is a much greater percentage of discretionary income. "DINKs are one of the few groups that are doing much better than the previous generation," says

Frank Levy, an economist at the University of Maryland.

Social pundits warn that DINKdom is often just a transitory state. "It is the moment before tradition sets in," says Faith Popcorn, chairman of New York City's BrainReserve, a hip consulting firm. "There is a desire for security, privacy, a nest. Anything you can make that is easy and secure, warm and available, you can market to their cocoon." Philip Kotler, professor of marketing at Northwestern, divides DINKs into upper and lower classes: U-DINKs and L-DINKs. No doubt, while the L-DINKs are rushing to graduate from K mart to Marshall Field, the U-DINKs will be deserting the Banana Republic for Abercrombie & Fitch. Because busy U-DINKs tend to miss mass-media advertising, upscale magazines and direct mail are the most effective way to target them. Kotler cites the *Sharper Image*, a top-of-the-line techie catalog, as defining U-DINK style.

The big DINK dilemma is when or whether to have children. In 1986 the cost of raising a child to age 18 averaged almost \$100,000; of course, that figure does not include future college expenses. Like many DINKs, William Cohen, 33, an Atlanta lawyer, and Susan Penny-Cohen, 28, founder of a headhunting firm for lawyers and paralegals, have not yet planned to reproduce. "As our income grew, we found that we had less time," says William. Northwestern's Kotler suspects that the double-income's frenzy of consump-



Ward and Hoffman with Dillon

tion will exhaust itself, and more couples will see children as desirable: "Children may be the next pleasure source after the DINKs have tried everything else."

Therefore, DINKs will not be the last of the snappy acronyms. Get ready for the TIPS (tiny income, parents supporting) and finally NINKs (no income, no kids).

—By Martha Smilgins

Reported by Christine Gorman/New York and Bill Johnson/Los Angeles

Cinema



The importance of being Oscar: Oldman and Molina in *Prick Up Your Ears*

Still Crazy After All These Fears

Two new films pay tribute to the dark stars of Brit lit

Artists are crazy, the rest of us like to think. And great artists are emotional idiots savants, charting the terra incognita of human experience by going over the edge. It is a lovely delusion. It excuses so many excesses and failures, gives rise to so many cautionary legends. George Gordon, Lord Byron incarnated one such fable: the poet as demon lover. He was dead at 36. Joe Orton, the English playwright who died in 1967, lived out another. He cruised danger as if it were a cute trick in a public gents', and was murdered at 34—for love! Nice work, guys. By your example you spread the word: art is supposed to show us how to live, and artists are supposed to show us how not to.

Nothing in Orton's life became him like his leaving it. His lover, Kenneth Halliwell, took a hammer and smashed the snide poetry in Joe's brains to pulp, then swallowed 22 Nembutals and died. If Orton had lived a bit longer, he might have done justice in his work to the themes that informed his 16 years with Halliwell: love vs. jealousy, career vs. home life, husband vs. wife, son vs. mother. As it was, he wrote three full-length plays (*Entertaining Mr. Sloane*, *Loot*, *What the Butler Saw*) that subverted old genres and modern society with a cheekily amoral wit. Now Alan Bennett has dramatized Orton's life in *Prick Up Your Ears*, based on John Lahr's nifty biography. Both works take their title from a farce Orton planned to write. The title was Ken's.

All the titles were Ken's. When they met in 1951, Ken, seven years older, was the voluptuary eager to instruct his new roommate in the love of art and the art of love. Ken would be Oscar Wilde, and Joe his protégé and best beau. Then a funny

thing happened: Ken may have wanted to live like Wilde, but Joe learned to write like him. And believing that "anything worth doing is worth doing in public," Joe shared his sexuality with all comers, while Ken was left at home to stew in his rancor. He was the "first wife," the spurned mother, and bound to take revenge.

Gary Oldman looks spookily like Joe, with that puckish smile that told the world, "You want me to get away with it." Vanessa Redgrave has, and deserves, many of the best lines as Orton's sardonic agent. Bennett's script is a mine of epigrams and a model of construction (except for a framing device that portrays Lahr as an Orton manqué and his wife as a pathetic Ken doll). But the workmanlike style of Director Stephen Frears (*My Beautiful Laundrette*) emphasizes the drab and the obvious. Fears cannot match the script's sleek malice, so he gets his laughs with eccentric casting: most of the actors have faces that are their own caricatures, particularly Alfred Molina as Ken. Molina commands the screen with the round face, hulking frame and liquid loser's eyes of the young Peter Lorre. But as photos prove, Ken was physically attractive; it was his manner that repelled people. And now he is memorialized as the haunted child molester from *M. Joe* would have appreciated the joke anyway.

Prick Up Your Ears is a view from outside, cool as Orton's craft. But Ken Russell has always been caged inside the beautiful mad creatures he imagines artists to be. No distance, no irony, no coherence, no prisoners. And no surprise that Russell now turns to *Gothic*, Stephen Volk's script about the famous night in 1816 that Byron (Gabriel Byrne) spent

with his mistress Claire Clairmont (Myriam Cyr), his lover John William Polidori (Timothy Spall), his friend Percy Bysshe Shelley (Julian Sands) and Shelley's wife-to-be Mary Godwin (Natasha Richardson). From that spectral evening emerged Mary's idea for her novel *Frankenstein*.

Frankenstein was a modern horror story; Russell means *Gothic* to be the last horror show. Byron is Count Dracula, feeding on his guests' dreams and demons. Shelley is every weak hero, Polidori every mad doctor, Clairmont every wench whose lust turns her into a succubus. And Godwin, racked by visions of her stillborn child, becomes the cursed mothers of *The Exorcist* and *Rosemary's Baby*. From the labor of her nightmares, she gives birth to literature's most enduring monster.

Working from the principle that too much is never enough, Russell unloads his inventory of weird imagery. Candied corpses and puddles of rancid goo. A woman's nipples that open to reveal eyes. Claire, filthy and feral, a dead rat in her mouth. Stuff like that. In such films as *The Devils* and *Altered States*, Russell found a conjurer's balance between sense and surrealism. But with this catalog of chic atrocities he cannot shock; he can only embarrass. For an artist as canny as Russell, that's crazy.

—By Richard Corliss

Knockoff

BLIND DATE

Directed by Blake Edwards

Screenplay by Dale Launer

Wheew! Another worry laid to rest. *Moonlighting's* Bruce Willis can prevail on the big screen. The presence of this teen dream in *Blind Date* is undoubtedly why a mostly indifferent movie has zipped up the charts. As Walter Davis he offers a neat variant on his TV character, acting like a stooge but saving himself finally with hidden reserves of smarts. And he does it with style.

Whew again! *Night Court's* John Larroquette proves himself a wonderful comic foil. Here he is a man sworn to maim anyone who attempts to trifle with Nadia, his former love. Guess who tries.

But...phew! As played by Kim Basinger, Nadia lacks what farce needs, irresistible nuttiness. She is simply a whiner. Director Edwards (*The Party*, *S.O.B.*) is a great farceur, and he has plenty of classic comic conventions to play with: elegant cars and parties to crash, a decorous wedding to subvert. But glum Nadia defeats him. A film promising knockout knockabout comedy finally seems merely knocked off.

—By Richard Schickel



Bruce Willis

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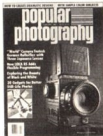
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People

Life may be a cabaret, old chum, but one must be able to sing it to live it. For 15 years since giving Tony- and Oscar-winning performances in the musical, **Joel Grey** had resisted doing a revival of *Cabaret*. Now he has started touring with a revamped (three added

talks and sings for him. The lip synching has been as smooth as the emcee himself. "We communicate beyond the realm of just the words and songs that the script involves," says Sisti. "It's been lovely." Grey is expected to be back in full voice this week. Meanwhile, the two actors are sharing the applause as well as the work by taking their bows together.



Willkommenback: Grey in *Cabaret*

songs) version of the show, which has been redirected by **Hal Prince**. The only trouble is that two weeks ago Grey, 55, came down with a case of laryngitis while playing Hartford.



Five decades of Douglasses: Eric, Michael, Kirk, Joel and Peter in New York

Panic all around until he proposed a devilishly clever solution to his understudy **Michelen Sisti**. "At first I couldn't believe he was suggesting it," recalls Sisti. "I was against it. But I trust Joel implicitly, and truly something magical has happened." While Grey mimes the performance, Sisti, standing offstage with a microphone,

lished in his name. "One thing they all have in common is that they do an excellent imitation of their old man," says Kirk. Indeed. All four Douglas boys have followed their father's example by working on careers as actors and producers, although Michael thus far has been the most successful. "I discouraged them from go-



Top of the class: Taylor and Hemingway in Paris

ing into show biz," laughs Pop. "That's one way to get them to do it, because they never do what their old man says." Maybe not, but they certainly do it well.

If it is any use to know it, there is good writing and bad writing and there is also good bad writing, although there is never bad good writing unless you count what you throw out or should have. **Ernest Hemingway** inspired writing of all kinds, and last week he inspired two very different kinds of literary awards. In Paris the \$50,000 Ritz-Hemingway prize was given to **Peter Taylor** for his novel *A Summons to Memphis*. With Hemingway's granddaughter **Marile** adorning the ceremony at the plush Ritz Hotel, Taylor, 70, became the first American to win the three-year-old honor. Hemingway "was a disciplined writer who made every word count," observes Taylor. "There is such a sense of drama and compression in his stories." Levity, not brevity, was the goal of the tenth International Hemingway Award, held at Harry's Bar & American Grill in Los Angeles. The winners of this year's

1,700-entry fiction farce were **David Curtin**, a veterinarian, and his wife **Diana**. Sample: "Men who knew of guns and subordinate clauses said that when the gun was fired, it leapt and twisted with the iridescent violence of a taidancing black marlin, yet it was not nearly so slimy." On second thought, read Taylor.

When someone called, "Is there a doctor in the house?" naturally the answer was lots. This was not Wednesday afternoon at the golf course, though, but a carefully planned stunt to honor **Julius Erving** on his last visit to New York City as a pro. The great Dr. J, 37, who is retiring from the Philadelphia 76ers this spring, has been honored around the National Basketball Association as he makes his final grand round of house calls. New York gave him a Knicks jersey (with his number 6 on it) and four giant aspirins autographed by virtually every player in the N.B.A. (to symbolize the headaches he gave them on the court). And there were all those celebrity doctors who came to pay tribute, among them **Dr. Joyce Brothers**, **Dr. Ruth Westheimer**,



Calling all doctors: Erving in consultation with

Star Trek's Dr. McCoy, **DeForest Kelley**, and **Macdonald Carey**, Dr. Tom Horton on *Days of Our Lives*. Taking swift advantage of the opportunity, Erving did what any intelligent person would do: he got a free consultation. "Dr. Ruth gave me some advice, and I saw her talking to my wife," he said, grinning. "Later tonight I'm sure I'll find out what she told her."

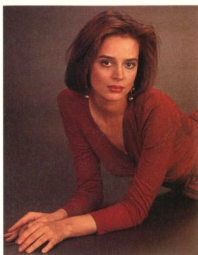


Rad couple: Carter and Hoffman

The purpose of the sit-in and demonstration was to protest CIA recruitment efforts at the University of Massachusetts in Amherst. But in the 4½ months since **Amy Carter** was arrested at the school along with 58 other anti-CIA activists, her biggest struggle has been playing down her credentials as a celebrity radical. Last

week in a Northampton courtroom, as the trial on related trespass or disorderly conduct charges finally began, the media's fascination with Carter, 19, showed no sign of subsiding. While cameras whirled and clicked, she burrowed her nose into newspapers and books. "I hate it," she moans. "This is probably one of the most important things I have done with my life. I really don't think I'm using my status. It's me doing what I think I should do." Says her codefendant and antiestablishment mentor **Abbie Hoffman**, 50: "She is someone who cares in a generation that doesn't." The Brown University sophomore reports that her parents, former President and First Lady **Jimmy and Rosalynn Carter**, fully support her. "I haven't really talked that much about what I'm doing," says Amy, "but their main concern is that I feel good about it."

Call them the ancients of endless summer. It has been a while since they put their best stuff into the record books, but last week **Steve Carlton** (lifetime record: 323 wins, 229 losses) and **Phil Niekro** (312 wins, 261 losses) made baseball history again by becoming the first 300-game winners to pitch in the same game for the same team. Probably the first big-league pitching pair to total 90 years of sage too. Finishing the Cleveland Indians to a 14-3 victory over the Toronto Blue Jays, Niekro, 48, gave up seven hits and the three runs in five innings. Carlton, 42, finished up, allowing four hits. It was his first game in relief since starting the previous 544. "Relieving felt strange, absolutely strange," said Carlton, who joined the Indians the week before. The veteran left-hander, who was released during spring training by the Philadelphia Phillies, has been scrambling to catch on with some team. "I'll take whatever role I can get," he



Quick study: Harris ready for takeoff

says. "All I know is that I'm just going too good to quit."

"When you're an actor you can be anything," says **Lara Harris**. Including, of course, an instant success. Fresh-faced and fresh out of acting school, the Chicago-born performer has just wrapped two major movies for release later this year, playing the female lead

long career. She has already decided not to give her exact age.

Ever wonder how long a 60 *Minutes* personality could boycott the show and still collect his paycheck? For **Andy Rooney** the answer is about four weeks. The mocking TV commentator and newspaper columnist announced last month that he would not appear on the program until a Writers Guild strike against CBS, now six weeks old, is settled. Unlike his 60 *Minutes* co-stars, Rooney belongs to the writers' union. Last week the network announced that it was suspending Rooney's pay until he returns to duty. "They're awful mad at me," says Rooney, who is spending some of his newly free time in his Connecticut home workshop making a stool for his daughter. Estimates that he is losing \$7,000 a week are low, he hints. "I'm not about to dismiss the money CBS is paying me. On the other hand, I have enough to have lunch all next week, so even though I don't



Going against the grain: Rooney at home in his workshop

in *No Man's Land* with **Charlie Sheen** and in *Blood Red* with **Eric Roberts** and **Dennis Hopper**. She has done some modeling over the past three years; Harris demonstrates different-colored contact lenses on a current TV ad campaign. Still, how did she make the leap from student to semistar so fast? Harris replies matter-of-factly, "I went to acting school, I got a manager, then I got a movie role." Simple, right? And all before she turned 24. Or thereabouts. Harris must be counting on a

get a check, money is not the paramount concern." For the first time since the strike began, Rooney also took up his case in his column, which appears in more than 300 newspapers. He criticized the way the network has handled the strike. Concludes Rooney: "As for CBS stopping my salary, it means they'll be losing my business in the cafeteria." Good gravy, the threats are escalating. —By Gay D. Garcia. Reported by David E. Thigpen/New York



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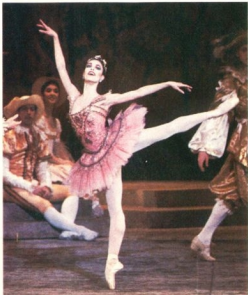
A.B.T.'s new Sleeping Beauty casts a poignant spell

With its thrillingly melodic Tchaikovsky score, its elegant dances, its vivid evocation of a far-away fairy kingdom, *The Sleeping Beauty* is the quintessential classical ballet. Everyone should see it as a child and as an adult, and every company should have an exquisite production to offer.

Alas, that is not the case. An enchanting *Beauty* is about as difficult to come by as a formula for magic. Most of the women's roles are difficult and must be carried off with the sort of aristocratic élan that only technically strong performers can muster. The character dances and, above all, the mime are alien to many young performers, particularly Americans. Finally, the overall production needs a beneficent fairy of its own; *The Sleeping Beauty* is a miracle of scale and symmetry; glitz or vulgarity or plodding pedantry will turn it into a long night indeed.

Finally there is the Margot Fonteyn problem. She was an incandescent Princess Aurora, and when she appeared in the role during the Sadler's Wells Ballet's American tour in 1949, she stole the nation's heart, sending thousands of youngsters to the barre. There are no Fonteyns available right now, no one with her ineffable mix of youthful poetry, gaiety and ever so lady-like sexiness. Still, audiences and critics alike, including many people who surely cannot have seen Fonteyn in the role, continue to compare all other interpretations with hers. So what is a ballet troupe to do?

American Ballet Theater has mounted a new production that finds an admirable solution. *The Sleeping Beauty* is, after all, an ample work with a variety of roles and many interwoven elements. It need not be, and probably should not be, a star vehicle. A.B.T.'s version, which was introduced on tour and will open the compa-



Aurora (Susan Jaffe) dazzles at her birthday party

ny's season at New York City's Metropolitan Opera House next week, is a lively, intelligently conceived *Beauty*, performed with panache by mostly young dancers in superb form. They have mastered the steps, and the mime and the manners too. Four women have already danced Aurora, and there will be more. No one "owns" the part, and that may be just as well.

The staging, by Artistic Associate Kenneth MacMillan, emphasizes clarity and tradition. He stays with Marius Petipa's choreography, wherever it has survived. (Many of his steps have been lost, as subsequent directors modified sequences to suit later, often smaller companies and different dancers.) The piece is set in 17th and 18th century French surroundings, as it often is. The scenery, by

Nicholas Georgiadis, is pleasing if not quite light and airy enough. The costumes, also by Georgiadis and supervised by Anna Watkins, are breathtaking, not only sumptuous but redolent of a royal fantasy. The stage is filled with personages who could stroll the mirrored corridors of a palace. The Queen, for instance, wears a lyrical ivory silk dress, inspired by a Van Dyck portrait of Charles I's French wife, to her child's 16th birthday party; when she wakes from a magic spell a century later, she is in an 18th century pannier court costume to preside at the wedding.

In a few places the production stumbles. MacMillan's Garland Dance seems garbled and congested. The threadbare set for the forest scene looks as if the company ran through the budget before they got to it. And the tableau in which Aurora awakens to her Prince's kiss lacks rapture, but perhaps such transports take time to perfect.

The Sleeping Beauty offers a homely advantage to a ballet troupe: there is something in it for everybody. While on tour, A.B.T. switched the various roles around frequently. As Prince Désiré, *Beauty* shows off a young Argentine performer of enormous promise, Julio Bocca, 20. Handsome, ardent, with a

big light jump, he gave dramatic strength to the often thankless part. As the first of the Auroras, Susan Jaffe was able to drop much of her cool languor to give a sprightly performance. For one of the Lilac Fairies, MacMillan dipped into the corps to find Jennet Zerbe, 22, a tall, ample dancer who gave a poignant impression of authority and extreme youth.

Perhaps the show's most satisfying moments came not from youth but from experience. Playing Cattalabutte, the bumbling Master of Ceremonies, Associate Director John Taras, swathed in a sublime silk costume, looked like a Fabergé egg and acted with delicacy and imaginative stretch. His performance lofted the production into the delicious follies of a court.

—By Martha Duffy

Pretty maids all in a row: A.B.T. dancers in the new production of the classic





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